



ATTACHMENTS

UNDER SEPARATE COVER

Ordinary Council Meeting

20 August 2019

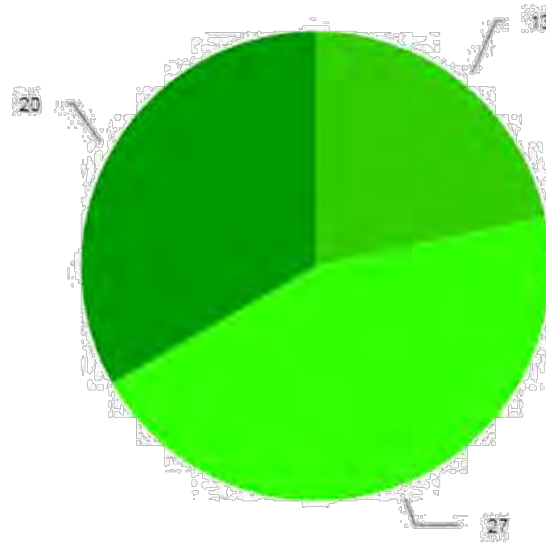
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2018-2022 Delivery Program
Quarterly Delivery Program Review
Quarter 4 of the 2018-2019 reporting year as at
30 June 2019

Action status snapshot as at 30 June 2019



Of the 60 actions:

- 20 actions or 33.3% are completed
- 13 actions or 21.7% have an ongoing commitment
- 27 actions or 45.0% are progressing

THEME 1 - OUR COMMUNITY

STRATEGY 1 - TO LIVE IN AN INCLUSIVE, TOLERANT AND HEALTHY COMMUNITY WHICH DEMONSTRATES A POSITIVE ATTITUDE

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
<p>ACTION 1 - Develop relationships with both local and regional communities fostering a healthy and community attitude</p>	<p>The number of items broadcast for each reporting period with cumulative totals combined along with available web page and Facebook statistics. In 2020 the community survey will measure success since the 2016 survey.</p>	<p>Regular media items broadcast to the community.</p>	<p>As at 30 June 2019 - At the end of the reporting period Council published 18 media releases (there were also 18 releases for the previous reporting period) for public information; for the month of April there were 7 releases, May there were 5 releases and during June there were 6 releases.</p> <p>Council's website media releases landing page was viewed 183 times (there were 263 views for the previous reporting period) with the website having 14,962 views compared to 14,911 views for the previous reporting quarter.</p> <p>Social media interaction is increasing with Council's Facebook page publishing 152 items (there were 151 postings for the previous quarter) including media releases, general activities, general photos, events, as well as the sharing of information and providing urgent notifications to the community. The 151 Facebook posts have engaged with 22,745 unique</p>	<p>Communications Officer</p>	<p>Ongoing commitment</p>	<p>100%</p>

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			users (19,101 last quarter) with comments, post likes and posts being shared.			
ACTION 1 - Develop relationships with both local and regional communities fostering a healthy and community attitude	Details of engagement opportunities for each reporting period with cumulative totals.	Number of formal Councillor and Senior Staff engagement opportunities.	As at 30 June 2019 - Council has worked with community groups on a variety of projects and have taken part in activities such as the community project such as the waterfall of poppies from the Council Chamber clock tower to the balcony for Anzac Day 2019, The tourism department hosted an interactive photo competition with the public with the prize being an the image on a kitchen towel. Council has actively been working with Narrandera High School to engage students for work experience and guided tours of the Chambers. For the Water Tower Art Trail project Council involved the local Indigenous women's group to ensure the information on the storyboards was correct and suitable. Council has also been working towards the creation of the Youth Advisory Council for people aged 12-25 years, encouraging young people to become involved in issues within our Shire and help make Narrandera Shire an even better place to live.	Communications Officer	Ongoing commitment	65%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Develop relationships with both local and regional communities fostering a healthy and community attitude	Proactive committees with meetings conducted as per terms of reference and held as scheduled. Minutes of Committees made available to Council and the community.	Proactive S.355 Committees with the monitoring of outcomes achieved and compliance with the Local Government Act, 1993.	As at 30 June 2019 - All S.355 Committees have been formed and are operating as scheduled; at the date of this report however the Barellan Committee is yet to elect a chairperson. As required by the Local Government Act, 1993 there will be ongoing training for Committees on the recently adopted new Code of Conduct and Code of Meeting Practice also Workplace Health and Safety training. Minutes from these meetings are reported to Council and members of the community following each meeting.	Deputy GM Corporate & Community	Completed	100%
ACTION 2 - Continue with strategic advocacy for the delivery of integrated health and wellbeing programs	Details of advocacy efforts during the reporting period and outcomes.	Details of the number of meetings held and details of outcomes from these meetings.	As at 30 June 2019 - During the reporting period the General Manager met with the proponent of the proposed Caring Koala Wellness Centre and successfully assisted in the satisfaction of development consent conditions to allow this new service to open in Narrandera for use by members of the community. The Mayor, Cr Neville Kshenka was appointed to the Heath Advocacy sub-committee of the Riverina and Murray Joint Organisation of Councils (RAMJO) and recently attended the inaugural meeting to assist in establishing the strategic direction of	General Manager	Completed	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			the group.			
ACTION 3 - Continue positive interactions with the Narrandera Interagency also the Aboriginal representative bodies within the community	Number of meetings attended and outcomes from the meetings.	Where possible attend meetings with the outcome being stronger links for inclusiveness in service planning and delivery.	As at 30 June 2019 - All meetings of the Interagency Group are co-ordinated by the Community Development Library Manager (CDLM) with reminders and agendas forwarded to group members; the CDLM also circulates information from and to the group via an e-mail list. Meetings for the latter half of 2019 have been set for the first Wednesday of nominated months. Council's newly appointed Community Liaison Officer is now also attending meetings.	Community Development (including Library) Manager	Ongoing commitment	55%
ACTION 4 - Implementation and monitoring of the Positive Aging Strategy & Disability Inclusion Action Plan	Details of progressive achievements measured against the relevant plan.	Documented achievements arising from both the Positive Aging Strategy and the Disability Inclusion Action Plan.	As at 30 June 2019 - Council continues to lobby for increased and improved services for our aged and disabled residents. Increased access and inclusion are a prime focus so to assist community members to remain connected; an example is Tech Savvy Seniors program which ran successfully during Seniors Festival late February 2019. At this stage it is proposed to repeat this program in the latter half of 2019; it is also planned to hold similar sessions as part of a planned Volunteers Expo.	Community Development (including Library) Manager	Progressing	65%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 5 - Transport options are available to identified members of the community	The number of clients provided with community transport during the reporting period.	Details of the number of clients utilising the service and cumulative totals categorised as Aged, Transport Disadvantaged and Aboriginal.	As at 30 June 2019 - Narrandera Leeton Community Transport provided 3,136 trips to residents of both Narrandera and Leeton Shires during the reporting period; of the 3,136 trips 1,932 trips were delivered to residents aged 65 years or over with 846 trips delivered to those who are transport disadvantaged. A further 358 trips were delivered to either National Disability Insurance Scheme (NDIS) participants, allied health services, non-emergency health related transport or through taxi vouchers or other brokerage agreements. Of the total trips, 395 were delivered to residents who identify as Aboriginal or Torres Strait Islander.	Community Transport and Home Support Manager	Ongoing commitment	100%
ACTION 6 - Information about community services that are accessible within the Shire to be broadcast through various means	The currency and accuracy of information available to the community also the number of website page hits and Facebook page likes.	Current information delivered through traditional print material and also Council social media opportunities.	As at 30 June 2019 - The Narrandera Shire Council Facebook page published 1 post during the reporting period that related to Community Transport and Home Support Programs; the post was about the introduction of the new automated booking service and reached 619 unique users.	Community Transport and Home Support Manager	Ongoing commitment	100%
ACTION 7 - Where possible ensure socially disadvantaged	The number of persons that have been assisted with social support	Through other activities of Council such as Ageing, Disability and Home	As at 30 June 2019 - The Narrandera Leeton Social Support program provided 657 hours of Social Support and 48 hours of Respite to 42	Community Transport and Home Support Manager	Ongoing commitment	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
members of the community have access to or are advised of how services can reduce their isolation	during the reporting period who may have been referred through the My Aged Care portal or NDIS planners.	Care identify members of the community where social isolation may be an issue.	individual clients during the reporting period; of these 657 hours 13 hours were delivered to National Disability Insurance Scheme (NDIS) participants, the remaining hours were all referred to this service through the My Aged Care portal. Each client is an individual with activities during these hours ranging from home visits with clients, social outings, assistance with the running of errands and/or social bus trips.			

STRATEGY 2 - TO ADVOCATE FOR QUALITY EDUCATIONAL AND CULTURAL OPPORTUNITIES

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Continued strategic advocacy for strengthening of the Narrandera centres of learning	When required details of advocacy efforts.	Outcomes of advocacy efforts for Narrandera TAFE as well as early childhood centres to secondary schools.	As at 30 June 2019 - The General Manager and the Manager of Human Resources continue to actively liaise with both the Narrandera High School and the Narrandera campus of TAFE NSW on work placement and traineeship opportunities within the Council organisation.	General Manager	Completed	100%
ACTION 2 - Develop a Narrandera Shire Cultural Plan to increase community participation in the Arts and cultural activities	Details of events held at the centre including type of event and attendance statistics.	Increased usage and patronage of the Narrandera Arts and Community Centre.	As at 30 June 2019 - Action on the Narrandera Shire Cultural Plan continues, assessment of available plans from other Local Government Authorities and organisations continues with an emphasis on those plans from areas with similar characteristics so to create a basic framework. Once a framework and consultation plan have been established, community consultation will begin during the second half of 2019	Community Development (including Library) Manager	Progressing	25%
ACTION 2 - Develop a Narrandera Shire Cultural Plan to increase community participation in the Arts and cultural activities	Regular review of strategies and target groups in response to event statistics.	Events that cater for a wide spectrum of the community, making the Arts accessible and increasing community involvement.	As at 30 June 2019 - While the Cultural Plan is being developed actions to increase community participation in the Arts have commenced with a range of exhibitions and seminars held at the Narrandera Arts & Community Centre. The Arts and Cultural S.355 Committee has now been established uniting the	Community Development (including Library) Manager	Progressing	35%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			<p>interests of both the Arts & Community Centre also the Parkside Cottage Museum combining the skills and experience of organisations such as NACNET and the Western Riverina Arts Board also other interested individuals from the community. Volunteer committees are currently working on developing both venues. Parkside Cottage Museum has hosted Country Art Support Program funded writers workshops and a grant funded examination of the collection and identification of significant items has been undertaken. Future plans of the Arts and Cultural Committee include easel days for local artists at the Arts Centre and the rotation of items from the Museum collection to other cultural and tourism venues.</p>			

STRATEGY 3 - TO FEEL CONNECTED AND SAFE

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Strategic advocacy for an enhanced Police presence, at the very least the maintenance of current levels	Number of advocacy interactions and outcomes.	Details on the number of advocacy meetings held with decision makers.	As at 30 June 2019 - During the reporting quarter the Mayor and the General Manager met with senior police representatives and continued to advocate for increased numbers for Narrandera and Barellan. The Mayor raised the issue of police numbers at RAMJO and Country Mayors forum.	General Manager	Completed	100%
ACTION 2 - Maintain and enhance the current network of CCTV cameras in key locations	Number of cameras within current network and a timeline for upgrade and/or the installation of new cameras; also ongoing statistical information on how many times the footage has been requested for viewing by NSW Police.	Maintain current CCTV cameras in working order and plan for enhancements so to assist the Police and the local community to discourage crime and anti-social behaviour.	As at 30 June 2019 - The Manager of Information Technology has a comprehensive specification of each CCTV camera within the network with the Manager currently working on prioritising the replacement schedule. During the reporting period one additional camera was installed at Marie Bashir Park to monitor the new NRMA sponsored car charging station; with repairs also carried out on other cameras at the park and within East Street. One formal request for the release of footage was received during the reporting period and was made by the NSW Police.	Information Technology Manager	Progressing	50%

THEME 2 - OUR ENVIRONMENT

STRATEGY 1 - TO VALUE, CARE FOR AND PROTECT OUR NATURAL ENVIRONMENT

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Encourage and promote environmental awareness	Project delivery and works programs result in minimal environmental harm.	Council's key environmentally sensitive areas are managed to ensure those areas are protected and enhanced.	As at 30 June 2019 - Narrandera Shire Council was successful in obtaining grant funding under the Roadside Reserves Environment grant program enabling a wide cross section of staff to be trained in roadside environment awareness in particular environments most at risk. Staff are now using this resource to carryout on the ground assessments of road side reserves as required. Council staff through project planning and design ensure projects cause minimal environmental harm; compliance with the requirements from NSW Fisheries and other stakeholders is a priority in carrying out works around sensitive waterways such as the Lake Talbot waterway precinct.	Deputy GM Infrastructure	Completed	100%
ACTION 1 - Encourage and promote environmental awareness	Statistical information on the number of inspections performed also a summary of the inspections results – are we being effective, are we	Update on targeted 300 property inspections across the Shire for noxious weeds.	As at 30 June 2019 - The following is a summary species actioned in order of occurrence during the reporting period: African Boxthorn Silverleaf Nightshade Bathurst Burr	Open Space Recreation Manager	Completed	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
	achieving control.		Spiny Burr St John's Wort Noogora Burr Bridal Creeper Prickly Pear Blackberry			
ACTION 1 - Encourage and promote environmental awareness	Works finalised against the schedule of works, progressive and comparative statistical data on trees removed, trees replaced and new plantings.	Update on programs for works originating from the 2nd generation Tree Audit with the aim to do the utmost to preserve and maintain our signature treescape.	As at 30 June 2019 - To assist in watering newly planted trees during the current prolonged dry period, two additional water carts have been purchased. During the reporting period an additional 80 trees were planted at the Narrandera Cemetery through drought funded works and 8 grass trees were planed adjacent to the refurbished entrance to the Lake Talbot Water Park, also 11 additional trees were planted within the grounds of the water park.	Open Space Recreation Manager	Completed	100%
ACTION 1 - Encourage and promote environmental awareness	Strategies and plans to preserve a unique feature of our native fauna.	Update on preservation measures to protect our unique koala population.	As at 30 June 2019 - Ongoing support for the Narrandera's Koala population through habitat preservation and assistance with the annual Koala count is coordinated by the Koala	Open Space Recreation Manager	Completed	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			Regeneration Committee. Council also support the preservation of our natural environment with regular patrols across key locations to lessen the impact of stray dogs and cats on our fauna and unwarranted destruction of our flora.			

STRATEGY 2 - TO EFFECTIVELY MANAGE AND BEAUTIFY OUR PUBLIC SPACES

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Focus on the Narrandera CBD Masterplan	Achieving project milestones.	Finalise design concepts, costings and identify funding opportunities for the Narrandera CBD upgrade.	As at 30 June 2019 - Council are progressing with action milestones to reconstruct Bolton Street, Narrandera as per the adopted Masterplan Design, funding will be derived from the Narrandera Business Centre Masterplan funding reserves. Plans are well advanced to commence works to redevelop the East Street, Narrandera gateway intersection with Whitton Street with funding to be derived through the Federal Government Drought Assistance Package.	Manager of Projects and Assets	Progressing	75%
ACTION 1 - Focus on the Narrandera CBD Masterplan	Spaces where the needs of the community as a whole are considered.	The needs of all members of the community are considered within designs such as pedestrian access, disabled parking and loading zones.	As at 30 June 2019 - Infrastructure works within Bolton Street, Narrandera between East Street and Cadell Street are well advanced in preparation for the rejuvenation of this link to the CBD area of Narrandera. In addition the new BBQ areas at Marie Bashir Park have been completed and the walking/running track surrounding the oval at Marie Bashir Park has now been completed and is promoted as a tool for fitness and overall well being. The construction of the amenities/changeroom facility at Barellan has been finalised which is more than just a sporting facility, it has the capability of supporting the Barellan community during an emergency situation.	Open Space Recreation Manager	Completed	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 2 - Develop a small parks strategy	Accessible parks that provide for local play, passive recreation, general open space and urban beautification within easy access of residents and visitors.	The needs of the community for parks and recreation opportunities are met through a hierarchy of parks.	<p>As at 30 June 2019 - During the reporting period works were finalised on the following projects:</p> <p>Marie Bashir Park, Narrandera</p> <p>Construction of the walking/jogging track around the perimeter of the new oval fencing</p> <p>Refurbishment and extensions to the skate park</p> <p>Basketball Pit</p> <p>BBQ areas</p> <p>Liberty Swing</p> <p>Narrandera Cemetery</p> <p>Beatification works at the entrance and internally by the planting of trees adjacent to Lawns 1, 2, 3 & 4</p> <p>Preparatory works and construction of Lawn 4</p>	Open Space Recreation Manager	Completed	100%

STRATEGY 3 - TO LIVE IN A COMMUNITY WHERE THERE ARE SUSTAINABLE PRACTICES

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Consider and where possible implement sustainable environmental practices	Progress of the Masterplan also statistical data on the tonnage of waste diverted from landfill by recycling and other waste diversion methods. Lobbying efforts for and promotion of a container deposit scheme facility for Narrandera.	Develop a Waste Management Masterplan to minimise waste to landfill and promoting recycling and resource recovery.	As at 30 June 2019 - Community use of the Community Recycling Centre at the entrance to the Narrandera facility diverts specified materials such as water-based and oil-based paints, fluorescent lights, batteries, gas bottles, fire extinguishers, acid and alkalines, etc away from landfill. Council is in ongoing discussions with an operator regarding installation of a reverse vending machine at the Narrandera Landfill site. The landfill audit is scheduled to occur during 2019 with audit outcomes helping to determine priority actions identified within the Masterplan.	Manager Development and Environment	Progressing	20%
ACTION 1 - Consider and where possible implement sustainable environmental practices	Actions taken by Council to reduce its environmental footprint such as quantifiable billing trends.	Council continues to implement energy saving infrastructure at its facilities to reduce costs and CO2 emissions where economically viable.	As at 30 June 2019 - Council's Solar network continues to reduce Council Power usage, solar power production is generally in line with usage producing approximately 7,000 kilowatts per month which equates to approximately \$1,800 each year reducing Council's environmental footprint by 7 tonnes of carbon dioxide emissions per month.	Executive Engineer	Completed	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Consider and where possible implement sustainable environmental practices	Council managed parks and reserves to be watered with re-use or untreated water rather than potable water.	Initiate projects to water community parks and reserves with re-use or untreated water rather than potable water.	As at 30 June 2019 - During the reporting period Council installed a re-use metered connection to Hankinson Park, Victoria Avenue, Narrandera in preparation for refurbishment of this parkland.	Open Space Recreation Manager	Completed	100%

THEME 3 - OUR ECONOMY

STRATEGY 1 - TO ENCOURAGE NEW BUSINESS AND INDUSTRY THAT CAN BE SUSTAINED ALSO SUPPORT LOCAL BUSINESS AND INDUSTRY TO GROW AND PROSPER

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
<p>ACTION 1 - Continued delivery of actions contained within the Economic Development Strategy</p>	<p>Information to Council and the community on efforts to encourage new business and industry but also support existing enterprises.</p>	<p>Report on actions and outcomes contained within the Economic Development Strategy (EDS).</p>	<p>As at 30 June 2019 - Monthly reports are provided to the Economic Development Taskforce Committee benchmarked against the template of Council's Economic Development Strategy. There was significant action on the Solar Farm development front with the formation of a Reference Group comprising people from across the community; the focus to ensure that as many goods and services as possible are able to be sourced from within the Shire to assist the solar farm builders; to date over 45 businesses have been listed. Reach Solar are negotiating 2 Engineering Procurement and Construction Contracts and estimate commencement date around the end of 2019.</p> <p>The 2019 Winter Edition of the Central West Lifestyle Magazine featuring 130 pages on Narrandera Shire was launched at a special function in Narrandera on 24 May 2019 attended by around 130 people. This widely</p>	<p>Economic Development Manager</p>	<p>Progressing</p>	<p>95%</p>

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			circulated publication will be used to promote lifestyle and business opportunities in Narrandera Shire.			
ACTION 1 - Continued delivery of actions contained within the Economic Development Strategy	Attend Narrandera Business Group Meetings; facilitate guest speakers at Business Group functions; provide information, advice and leverage opportunities for information sharing.	Support and nurture existing businesses – EDS 3.2	As at 30 June 2019 - Attended Narrandera Business Group Meetings and provided a general update on developments including the 2019 Winter Edition of the Central West Lifestyle Magazine featuring 130 pages on the Narrandera Shire also providing an update on the proposed solar farm developments. Elaborated on the establishment of the Solar Reference Group and the number and types of responses to an expression of interest circulated by the Economic Development Unit. An update on negotiations with Tomra/Cleanaway to establish a Reverse Vending Machine in Narrandera was also provided.	Economic Development Manager	Progressing	80%
ACTION 1 - Continued delivery of actions contained within the Economic Development Strategy	Facilitate an industry specific forum to inform landholders and investors of opportunities in the Shire for the pig and chicken industry.	Strengthen and grow key sectors; explore new development opportunities for processing and value-adding opportunities also use of waste products – EDS 3.3.	As at 30 June 2019 - There are no further developments arising from Mr David Farley's follow-up on business leads from attendees at the 2018 Pig Industry Forum. At this stage it is not possible to facilitate a poultry forum as principal industry leader Baiada are unable to support the conduct of a forum at this time; this will be followed up from time to time or when there are new developments within the poultry	Economic Development Manager	Progressing	65%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			industry.			
ACTION 1 - Continued delivery of actions contained within the Economic Development Strategy	Review sales policy for Council owned land in the Industrial Estate to address incentives for developers; enhance appearance of the Estate with signage, flags and landscaping including 'gateway' treatment.	Facilitate further development of the Red Hill Industrial Estate – EDS 4.2.	As at 30 June 2019 - An enhanced large billboard has been sited on the corner of the Newell Highway, Narrandera and the Barellan Road, Narrandera highlighting the availability of industrial land at the Red Hill Industrial Estate at competitive prices. Gateway entrance treatment to the estate will include pole mounted banners at the intersection of the Barellan Road and Driscoll Road which will be installed in the near future. Consideration of a small landscaped development at the same corner is currently being assessed by the Economic Development Unit.	Economic Development Manager	Progressing	70%

STRATEGY 2 - POPULATION GROWTH, RETENTION AND IDENTIFY NEEDS FOR OUR YOUTH

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
<p>ACTION 1 - Strategic advocacy to support population retention with particular focus on the youth of our Shire</p>	<p>Youth projects and engagement opportunities.</p>	<p>Report on the outcomes achieved by the Youth Development Officer.</p>	<p>As at 30 June 2019 - Youth Week 2019 was held during the reporting period and was a successful collaboration between Council and a number of partner such as Totem Skate School, Narrandera Bidgee Boxing, the NSW Roads and Maritime Services and Fusion Narrandera. Council's new Community Liaison Officer has begun work and the application process is now underway for the Narrandera Youth Advisory Council; once this Council is established they will be working on a Youth Strategic Plan for Narrandera Shire including the fun stuff like organising activities for young people within the community.</p>	<p>Community Development (including Library) Manager</p>	<p>Progressing</p>	<p>40%</p>
<p>ACTION 2 - Strategic advocacy for diverse housing options</p>	<p>Enhanced accommodation options that may be made available to members of the community.</p>	<p>When opportunities arise advocate for accommodation options that align with our population demographics.</p>	<p>As at 30 June 2019 - Council continues to advocate for increased services to support the Narrandera Shire community including options for victims of domestic violence or to those that find themselves homeless. Council also supports the Narrandera Domestic Violence Awareness Committee in their efforts to provide the community with information on domestic violence and that help is available. Refuge services are</p>	<p>Community Development (including Library) Manager</p>	<p>Ongoing commitment</p>	<p>10%</p>

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			currently in place within the region and assistance with emergency crisis accommodation is provided through the Linking Communities Network. Flexible housing solutions are currently under discussion as part of the potential influx of labour during the construction phase of the proposed solar farms within the Shire.			

THEME 4 - OUR INFRASTRUCTURE

STRATEGY 1 - TO HAVE AN IMPROVED AND ADEQUATELY MAINTAINED ROAD NETWORK

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
<p>ACTION 1 - Through advocacy seek funding commitments for identified roadway projects and strategies</p>	<p>Advocacy efforts and the reporting of successful outcomes using a timeline.</p>	<p>Secure funding from each of the transport strategy funding streams.</p>	<p>As at 30 June 2019- Council made an application to upgrade the road and causeway on Canola Way crossing Cowabbie Creek located east of Grong Grong, this application was successful at value of \$670,000. Council is also planning to complete the Kamarah Road curve realignment by March 2020 which has been funded by the Heavy Vehicle Safety and Productivity Program, a \$450,000 project. Colinroobie Road is a \$1.3M project funded under Fixing Country Roads being shared with Leeton Shire Council and is currently under construction. Council completed strategic road reviews and based its 2018-2019 and 2019-2020 funding application plans that were reported and endorsed by Council in March 2018.</p>	<p>Works Coordinator</p>	<p>Completed</p>	<p>100%</p>
<p>ACTION 2 - Road assets are managed in accordance with the road service review and asset</p>	<p>Strategic mapping of reseal, re-sheeting or grading works made available to the community also</p>	<p>The road service review and asset management plans are to be consulted when planning for works.</p>	<p>As at 30 June 2019 - The following works have been completed for the 2018-2019 reporting year:</p>	<p>Works Coordinator</p>	<p>Completed</p>	<p>100%</p>

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
management plans	details of works undertaken during the reporting period.		<p>- 17 kilometres of seal extension has been completed using Otta seal</p> <p>- more than 500 km of maintenance grading has been completed</p> <p>- approximately 80 km of shoulder grading and table drain maintenance work has been completed</p> <p>- 28 km of resheeting work has been completed.</p> <p>Apart from various roadworks and the use of Otta Seals a strategy to manage Council's extensive unsealed roads with optimised cost is being researched. An extensive study of use of Polyacrylamide (PAM) on gravelled road surfaces continues with various experts in the field; an economic viable way to source the product directly from China has been achieved. A small scale trial of the use of inexpensive PAM as an option to reduce the rate of gravel loss will commence during 2019-2020, the material having now been obtained.</p>			

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 3 - Maintain the condition rating of the road network across the Shire in accordance with agreed service levels	A complete and reliable asset management plan.	Maintain the road network in accordance with adopted levels of service.	As at 30 June 2019 - Council completed gravel depth measurement investigations at 500 metre intervals for the entire gravelled road network within the Shire; at the same time assessing the seal at 500 m intervals on sealed roads. With factual data a 4 years re-sheet and reseal program can now be redeveloped across the next 12 months. The data allows for the creation of thematic mapping of areas that require attention.	Works Coordinator	Completed	100%

STRATEGY 2 - TO IMPROVE, MAINTAIN AND VALUE-ADD TO OUR ESSENTIAL PUBLIC AND RECREATIONAL INFRASTRUCTURE

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Plan and source funding for redevelopment of or the construction of key facilities and infrastructure	Availability of accurate and relevant data for all classes of assets.	Implementation of an asset management system.	As at 30 June 2019 - Staff continually working with the suppliers of the Asset Management System (AMS) known as Confirm to both validate and then migrate the asset and financial data into the system. The AMS will enable Council to deliver complex, critical public infrastructure that maximises operational efficiencies and minimise costs. The water and sewer data implementation is currently underway with all of the asset data now successfully migrated. There is still work to do on validating the useful life on some pipeline assets to ensure the annual depreciation matches the financial reports. Road condition assessments have also been completed on all seal and unsealed pavement network in preparation for the 30 June 2020 Transport Network Revaluation.	Manager of Projects and Assets	Progressing	60%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Plan and source funding for redevelopment of or the construction of key facilities and infrastructure	Completion of projects identified within projected timeframe and budget.	Preparation of future plans for the renewal or replacement of assets.	As at 30 June 2019 - All funded infrastructure projects have been scheduled for commencement and resourcing; stakeholders are meeting fortnightly to review and update all project action plans. The group is chaired by the Deputy General Manager Infrastructure with quarterly budget reviews and monthly capital works program updates actioned to inform Council and the community of the progress of all projects. The Project Management control software is continually updated to provide all stakeholders with the highest level of progress for each activity.	Manager of Projects and Assets	Progressing	95%
ACTION 1 - Plan and source funding for redevelopment of or the construction of key facilities and infrastructure	Details of applications submitted and the outcome.	Funding opportunities to replace key facilities and infrastructure.	As at 30 June 2019 - Applications have been submitted for the Barellan Village Sewer project also the Narrandera West Sewer, in addition an application has been submitted for the upgrade of the current Narrandera Water Treatment Plant. Funding for the scoping of a new Water Treatment Plant has been approved and are currently awaiting update on status of funding applications as well as a Deed for Water Treatment Plant scoping study funding.	Water Sewer Engineering Officer	Progressing	50%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 2 - Continuation and monitoring of the Integrated Water Cycle Management Plan (IWCMP).	Reporting of milestones achieved within the IWCMP.	Implement IWCMP; report on direct actions derived from the IWCMP with relevant timeline and Key Performance Indicators.	As at 30 June 2019 - Milestones achieved include completion and review of Issues Paper also draft and review of Options Study. Remaining milestones include finalisation of Options Study and completion of IWCM Strategy + 30 year asset management and financial plans. The reference group includes Councillors, representatives from EPA, NSW Department of Industry, NSW Health and Council staff.	Water Sewer Engineering Officer	Progressing	75%
ACTION 3 - An ongoing program of capital works for both water and sewer operations of Council	Progress of proposed works followed by the completion of projects within budget and effectiveness measured by a timeline.	Ongoing 10 year Capital Works Program within funding.	As at 30 June 2019 - The reporting period saw the finalisation of a number of significant projects including the completion of Rising Main Duplication (\$200,000), Riverine and Argyle Street Main replacements (\$200,000), Bore 3 Well Head Replacement (\$50,000), Pine Hill Pump Replacement (\$40,000), Water Treatment Plant Chlorination Upgrade (\$70,000), Elwin Street sewer main (\$20,000).	Water Sewer Engineering Officer	Progressing	70%

THEME 5 - OUR CIVIC LEADERSHIP

STRATEGY 1 - TO HAVE A COUNCIL THAT DEMONSTRATES EFFECTIVE MANAGEMENT CONSISTENTLY, ALSO A COUNCIL THAT COMMUNICATES AND ENGAGES WELL WITH THE COMMUNITY AND WORKS COLLABORATIVELY

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 1 - Accountable, transparent and ensure open communication between the community and Council	Delivery Program update report submitted to Council and community during September, December, March and June annually on outcomes achieved.	Continued three monthly reporting on measureables contained within the Delivery Program.	As at 30 June 2019 - The reporting on measurables within in the adopted Delivery Program continues on a three monthly basis, at a future Senior Management Team meeting the need for better reporting on what has actually been achieved and current performance compared to say the same reporting period 12 months ago will be explained as a prelude to better performance reporting.	Governance & Engagement Manager	Completed	100%
ACTION 1 - Accountable, transparent and ensure open communication between the community and Council	Scheduled for early 2020 and will inform Council of the views of the community against industry benchmarks.	Undertake a second Community Survey early 2020.	As at 30 June 2019 - Preliminary 2020 Community Survey tasks have commenced by looking at other community surveys to ascertain what new questions can be introduced into the survey.	Governance & Engagement Manager	Progressing	5%
ACTION 1 - Accountable, transparent and ensure open communication between the	Outcomes promised by Council in its Fit for the Future Improvement Plan.	Report on Fit for the Future strategies.	As at 30 June 2019 - Council's audited general purpose financial statements at 30 June 2018 indicate that Council has surpassed the NSW Local Government industry indicators for all financial benchmarks in both	Deputy GM Corporate & Community	Completed	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
community and Council			<p>the Consolidated and General Fund except Own Source Operating Revenue Ratio. The consolidated ratio of 55% is below the benchmark of 60% however the ratio was impacted by Council achieving addition State Government Grants during the reporting year therefore reducing the ratio of own source funds to total operating revenue.</p> <p>Council's long term financial plan for 10 years commencing 2019-2020 indicates progress against the TCorp ratios, however achieving the 60% own source revenue ratio in the coming year will again be unlikely due to the grant funding that Council has been attracting.</p> <p>Councils audited 2018-2019 financial statements are schedule for completion in August 2019, this will officially provide Fit for the Future ratios for the year ending 30 June 2019.</p>			
ACTION 1 - Accountable, transparent and ensure open communication between the	Amendments to the Customer Service Charter to be made by 31 December 2018 also review the Customer Request	Update the Customer Service Charter to include reference to AS/NZS 1002:2014	As at 30 June 2019 - Originating from the Executive Leadership Team, the Customer Service Think Tank group was created to resolve a number of issues such as the responsibility for closing the	Governance & Engagement Manager	Progressing	50%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
community and Council	System reporting to ensure requests are being dealt with as per the Charter and determine ways to gauge if the customer is happy with the outcome.	'Guidelines for complaint management in organisations'.	customer service loop, that is from the service request initiation to the action then to gauging customer satisfaction. The outcomes of this Think Tank will be incorporated into the Draft Customer Service Charter to be presented to both the Executive Leadership Team then Council in coming months. The Draft Customer Service Charter has been allocated to a number of key Managers for comment before progressing to the Executive Leadership Team.			
ACTION 1 - Accountable, transparent and ensure open communication between the community and Council	Council to consider any requests in accordance with the Community Strategic Plan 2017-2030.	Where possible support community projects where groups or organisations have clear goals and outcomes.	As at 30 June 2019 - Any requests for support shall be considered in accordance with strategic documents and budgetary constraints.	Governance & Engagement Manager	Ongoing commitment	100%
ACTION 1 - Accountable, transparent and ensure open communication between the community and Council	Compliance with Australian Government Digital Service Standard also details of website content review and where possible details of website visits and pages most frequently	Ensure that the Council website is compliant with current industry standards.	As at 30 June 2019 - The new website has now had the design completed and is currently having the interface built including information mapping (IA mapping), image collateral and content. The design and functionality will each be compliant with Web Content Accessibility Guidelines (WCAG) 2.0	Communications Officer	Progressing	65%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
	visited.		as agreed with the website developers. Staff responsible for the content on each page will begin reviewing their pages and wording to ensure that all content is in plain english and is easy to understand for the end user.			
ACTION 1 - Accountable, transparent and ensure open communication between the community and Council	Revise Council's Procurement Policy by 31 December 2018.	Council's procurement provides best value and protects against fraud and corruption.	As at 30 June 2019 - The review of the Procurement Policy has commenced by looking at the policies of other Councils to gauge the scope of the review.	Governance & Engagement Manager	Progressing	10%
ACTION 2 - A highly skilled and motivated workforce	Reviewed at least every 2 years or when there is legislative or award changes.	Ensure workforce policies remain current in a changing work environment.	As at 30 June 2019 - The Human Resources team have reviewed 13 Workplace Health and Safety (WHS) policies and procedures with a further 6 WHS policy reviews in progress. There are 7 Human Resources (HR) policies that require further development, however 13 Human Resource policies have been reviewed. The Human Resource team continues to monitor legislative changes that will trigger changes to a policy, there are 2 such policies that require review and are the Loss of Drivers Licence Policy and the Public Interest Disclosures Internal	Human Resources Manager	Progressing	50%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			Reporting Policy.			
ACTION 2 - A highly skilled and motivated workforce	Action recommendations within the Workforce Strategic Plan 2017-2021; report September annually on staff demographics in comparison to previous 3 years.	Develop and implement succession planning.	As at 30 June 2019 - The Human Resources Team continue to report workforce information to the Executive Leadership Team on a monthly basis. Council also continues to participate in the annual Price Waterhouse Cooper survey benchmarking Narrandera Shire Council to other Councils in NSW and Australia. The Human Resources Manager intends to provide the latest demographics data comparison to the Executive Leadership Team in September 2019.	Human Resources Manager	Progressing	90%
ACTION 2 - A highly skilled and motivated workforce	Amendments are made as soon as possible; report September annually performance appraisal outcomes.	Implement approved revisions of the salary administration and Employee Performance Management System.	As at 30 June 2019 - The 2018-2019 Employee Performance Management (EPM) for the reporting period is in the final stages of completion. The EPM process is reported to the Executive Leadership Team on monthly via the Human Resources and Workplace Health & Safety report which provides information on all aspects of the Workforce Strategic Plan. Significant changes are planned for the 2019-2020 EPM reviews so to streamline the overall process, these changes are in response to requests made by	Human Resources Manager	Progressing	90%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			Managers and Supervisors.			
ACTION 2 - A highly skilled and motivated workforce	Information presented is accurate, relevant and easy to read.	Identified Council staff to undertake training for excellent written communication and presentation skills.	As at 30 June 2019 - Council has met this benchmark target by providing training to key staff and through observing work outputs. The Human Resources team will continue to monitor new staff to determine if training may be required into the future. A review of training requests from the 2018-2019 employee performance appraisals did not identify any staff that required further effective writing skills training.	Human Resources Manager	Completed	100%
ACTION 3 - As an organisation the information management capability meets the needs of the users and the community	Implement actions within the Information Management Strategy 2014-2019 also review and update the Information Strategy 2014-2019 during 2020.	Maintain an Information Management Strategy providing best value contemporary services.	As at 30 June 2019 - The Information Management Strategy 2014-2019 is assessed each year with relevant items to be included in the Capital Works Budget annually. The Information Management Strategy is scheduled for review and update during 2020.	Information Technology Manager	Ongoing commitment	50%
ACTION 4 - Financial sustainability is critical with maximum rate revenue to be achieved and other income sources maximised	Recommendations to maximise Council's financial position.	Monitor Council's financial situation and progress against Fit for the Future benchmarks.	As at 30 June 2019 - Council's Revenue Officer closely monitors assessments which may become rateable during the financial year; this includes the sale of vacant Department of Housing land or land sold by religious institutions or instances where Crown authorities that are currently non-rateable	Senior Finance Officer	Progressing	55%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			become rateable. The Finance Manger regularly reviews Investments in accordance with the Investment Policy and reports to Council on a monthly basis. The budget is reviewed on a quarterly basis and reported to Council with any variations that have been made during the reporting period.			
ACTION 4 - Financial sustainability is critical with maximum rate revenue to be achieved and other income sources maximised	Have systems in place that details grants applied for, and where successful that monies have been received, expended and acquitted in accordance with the funding body requirements.	Monitor the level of State and Federal Government grants payable to Council.	As at 30 June 2019 - Council has developed a register that details the name of the Council officer who has applied for grant funding, from where the funding is being sourced, if the funding was successful then the date and the amount of the funding received, eventually the date that the acquittal needs to be finalised and the actual date of acquittal are recorded.	Senior Finance Officer	Ongoing commitment	100%
ACTION 4 - Financial sustainability is critical with maximum rate revenue to be achieved and other income sources maximised	Reported monthly to Council against a timeline.	Ensure that Council funds are invested in accordance with legislative provisions and income yield is maintained within Council's risk profile.	As at 30 June 2019 - A monthly report detailing Councils invested monies is presented to Council each month; the report details all transactions that have taken place within the proceeding month and gives a snapshot of the portfolio credit limits to make sure that Council remains within the prescribed amount allowed for each institution. A report for local	Senior Finance Officer	Ongoing commitment	100%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			expenditure is also tabled in conjunction with the budget quarterly review.			
ACTION 5 - The community displays a high level of understanding and compliance with legislative in regard to the keeping of and control of companion animals and other animals	Updated statistics for each reporting period with cumulative totals also to be reported.	Number of dogs registered under the Companion Animals Act.	As at 30 June 2019 - Compliance staff are continuing door-to-door compliance checks of companion animals within Narrandera, Barellan and Grong Grong.	Manager Development and Environment	Progressing	30%
ACTION 5 - The community displays a high level of understanding and compliance with legislative in regard to the keeping of and control of companion animals and other animals	Updated statistics for each reporting period with cumulative totals also to be reported.	Number of cats registered under the Companion Animals Act.	As at 30 June 2019 - During 2018-2019, 58 chipped and registered pets were returned to owners at no charge. 40 cats and dogs were impounded before being claimed by owners. 129 dogs and cats were rehomed. 31 warnings and 19 PINs were issued.	Manager Development and Environment	Progressing	30%
ACTION 6 - The Narrandera Shire Local Environmental Plan 2013 (LEP) is reviewed within a 5 year cycle	Review the current LEP within the timeframe established by the Department of Planning and Environment.	Maintain the LEP to meet community aspirations, land needs and environmental outcomes.	As at 30 June 2019 - Council resolved at its June 2019 meeting to commence the review of the Narrandera Local Environmental Plan; staff will commence this process early in the new financial year. A project plan will be developed to guide the process and	Deputy GM Infrastructure	Progressing	5%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
			keep Council and the community informed of the progress.			
ACTION 7 - Planning instruments reflect the intent and direction of land use strategies and facilitate development and growth of the Shire	Compliance with guidelines from the Department of Planning and Environment.	Documents are reviewed against intended outcomes.	As at 30 June 2019 - Council has various planning documents that will be reviewed over a period of time. The priority at the present is to review the current Local Environment Plan. Council's Development Control Plan is also scheduled for review when resources allow.	Deputy GM Infrastructure	Completed	100%
ACTION 8 - Development Applications received and assessed within statutory timeframes	The number of Development Applications received during the reporting period also financial year cumulative totals also provide comparative yearly data to paste 2 year's data.	Statistical data on Development Applications received, also comparing to previous years.	As at 30 June 2019 - The Development Services report to Council provides lists all Development Applications (DA's) lodged and determined each calendar month; cumulative totals are included for the current financial year. Comparative data is graphed and indicates the previous two years' data in both numbers of DA's and the value of development.	Manager Development and Environment	Ongoing commitment	20%
ACTION 8 - Development Applications received and assessed within statutory timeframes	Comparison of assessment timeframe against Department of Planning & Environment averages.	Compliance with statutory timeframes for assessment.	As at 30 June 2019 - Comparative assessment timeframes for the previous financial year are included in monthly Development Services reports submitted to Council with the information made available to and represented by the Department of Planning & Environment.	Manager Development and Environment	Ongoing commitment	20%

ACTION	Measured By	Performance Target	Comments	Responsible Officer Position	Status	Progress
ACTION 9 - Maintain a strong voice in regional groups such as RAMROC, the proposed RAMJO also Destination NSW	Details of engagement opportunities.	Proactive engagement at appropriate forums and continued political lobbying with our partners.	As at 30 June 2019 - During the reporting period the Mayor and the General Manager maintained an active role in the Riverina and Murray Joint Organisation (RAMJO) and its sub-groups advocating for improved, health services, transport facilities, police numbers and management of energy issues.	General Manager	Completed	100%

Narrandera Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Heart of Riverina



Narrandera Shire Council

Financial Statements 2019

General Purpose Financial Statements for the year ended 30 June 2019

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Overview

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

141 East St
Narrandera NSW 2700

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

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

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

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

Narrandera Shire Council

Financial Statements 2019

General Purpose Financial Statements

for the year ended 30 June 2019

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

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Narrandera Shire Council

Financial Statements 2019

General Purpose Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 20 August 2019.

Cr Neville Kschenka
Mayor
20 August 2019

Cr David Fahey
Councillor
20 August 2019

Mr George Cowan
General Manager
20 August 2019

Mr Martin Hiscox
Responsible Accounting Officer
20 August 2019

Narrandera Shire Council

Financial Statements 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 ¹
Income from continuing operations				
<u>Revenue:</u>				
7,551	Rates and annual charges	3a	7,573	7,249
3,073	User charges and fees	3b	3,441	3,231
623	Interest and investment revenue	3c	703	641
689	Other revenues	3d	772	1,055
6,294	Grants and contributions provided for operating purposes	3e, 3f	7,690	7,150
6,297	Grants and contributions provided for capital purposes	3e, 3f	3,914	2,674
<u>Other income:</u>				
92	Net gains from the disposal of assets	5	-	-
24,619	Total income from continuing operations		24,093	22,000
Expenses from continuing operations				
7,936	Employee benefits and on-costs	4a	7,623	7,712
3,156	Materials and contracts	4b	4,713	4,307
4,880	Depreciation and amortisation	4c	4,895	4,745
1,605	Other expenses	4d	1,809	1,839
-	Net losses from the disposal of assets	5	134	666
17,577	Total expenses from continuing operations		19,174	19,269
7,042	Operating result from continuing operations		4,919	2,731
7,042	Net operating result for the year		4,919	2,731
7,042	Net operating result attributable to council		4,919	2,731
745	Net operating result for the year before grants and contributions provided for capital purposes		1,005	57

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

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

Narrandera Shire Council

Financial Statements 2019

Statement of Comprehensive Income
 for the year ended 30 June 2019

\$ '000	Notes	2019	2018 ¹
Net operating result for the year (as per Income Statement)		4,919	2,731
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	566	3,165
Total items which will not be reclassified subsequently to the operating result		566	3,165
Total other comprehensive income for the year		566	3,165
Total comprehensive income for the year		5,485	5,896
Total comprehensive income attributable to Council		5,485	5,896

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

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

Narrandera Shire Council

Financial Statements 2019

Statement of Financial Position
as at 30 June 2019

\$ '000	Notes	2019	2018 ¹
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	2,320	995
Investments	6(b)	22,607	24,355
Receivables	7	3,704	2,775
Inventories	8	691	428
Total current assets		<u>29,322</u>	<u>28,553</u>
Non-current assets			
Receivables	7	27	31
Inventories	8	438	438
Infrastructure, property, plant and equipment	9	228,378	223,316
Total non-current assets		<u>228,843</u>	<u>223,785</u>
TOTAL ASSETS		<u>258,165</u>	<u>252,338</u>
LIABILITIES			
Current liabilities			
Payables	10	1,378	1,039
Income received in advance	10	207	206
Provisions	11	2,523	2,523
Total current liabilities		<u>4,108</u>	<u>3,768</u>
Non-current liabilities			
Payables	10	3	3
Provisions	11	52	50
Total non-current liabilities		<u>55</u>	<u>53</u>
TOTAL LIABILITIES		<u>4,163</u>	<u>3,821</u>
Net assets		<u>254,002</u>	<u>248,517</u>
EQUITY			
Accumulated surplus	12	143,287	138,368
Revaluation reserves	12	110,715	110,149
Council equity interest		<u>254,002</u>	<u>248,517</u>
Total equity		<u>254,002</u>	<u>248,517</u>

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

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

Narrandera Shire Council

Financial Statements 2019

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

\$ '000	Notes	2019			2018 ¹		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		138,368	110,149	248,517	135,637	106,984	242,621
Net operating result for the year		4,919	-	4,919	2,731	-	2,731
Other comprehensive income							
- Gain (loss) on revaluation of IPP&E	9	-	566	566	-	3,165	3,165
Other comprehensive income		-	566	566	-	3,165	3,165
Total comprehensive income		<u>4,919</u>	<u>566</u>	<u>5,485</u>	<u>2,731</u>	<u>3,165</u>	<u>5,896</u>
Equity – balance at end of the reporting period		<u>143,287</u>	<u>110,715</u>	<u>254,002</u>	<u>138,368</u>	<u>110,149</u>	<u>248,517</u>

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

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

Narrandera Shire Council

Financial Statements 2019

Statement of Cash Flows
for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
Cash flows from operating activities				
<u>Receipts</u>				
7,405			7,406	7,136
3,179			3,603	3,258
613			686	656
12,843			10,833	9,748
-			11	12
661			2,012	1,155
<u>Payments</u>				
(7,136)			(7,628)	(7,524)
(4,117)			(5,121)	(5,689)
-			(17)	-
(1,596)			(2,693)	(1,920)
<u>11,852</u>		13b	<u>9,092</u>	<u>6,832</u>
Cash flows from investing activities				
<u>Receipts</u>				
1,630			25,845	23,592
414			168	377
-			10	1
<u>Payments</u>				
-			(24,097)	(25,436)
(14,828)			(9,693)	(7,813)
<u>(12,784)</u>			<u>(7,767)</u>	<u>(9,279)</u>
<u>(932)</u>			<u>1,325</u>	<u>(2,447)</u>
1,176		13a	995	3,442
<u>244</u>		13a	<u>2,320</u>	<u>995</u>
Additional Information:				
19,422		6(b)	22,607	24,355
<u>19,666</u>			<u>24,927</u>	<u>25,350</u>

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

Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on dd MMMM yyyy. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

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

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2018.

The adoption of AASB 9 has impacted the following areas:

Classification and measurement of financial assets

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

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

Council holds 2 \$1 shares (1 ordinary share and 1 redeemable preference share) in Southern Phone Company Limited and 10,000 \$1 shares in Narrandera District Investment Limited (trading as Bendigo Bank). Council have assessed the fair value of these shares, and determined that the fair value of these shares is not materially different from the current recorded cost. This materiality assessment has been made in the context of Council's overall investment holding. As such, there was no transitional adjustment requirement as at 1 July 2018.

Impairment of financial assets

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

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

(b) Historical cost convention

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

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (ii) employee benefit provisions – refer Note 11.

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service
- Barellean Hall and Museum
- Grong Grong Hall
- Narrandera Railway Management Committee
- Narrandera Koala Regeneration Centre Supervisory Committee
- Arts Centre and Narrandera Museum

(b) 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.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge

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.

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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

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

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been adopted early by Council.

Council's assessment of these new standards and interpretations (where could potentially have a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 16 Leases

AASB 16 requires that all leases should be accounted for on the lessee's accounts similar to the finance lease accounting treatment.

This means recognition of right-of-use assets with the corresponding liability for the present value of minimum lease payments. Accounting treatment of the assets leased out to external parties (lessor's perspective) have not changed and is treated similar to the currently used AASB 117.

Council has examined the impact of adopting this new accounting standard and determined that there is no material impact from adoption on 1 July 2019.

AASB 15 Revenue from Contracts with Customers and associated amending standards.

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils has assessed each revenue stream particularly the impact expected for grant income and rates which are paid before the commencement of the rating period.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

Council has auspiced a number of grants on behalf of community groups and as at 30 June 2019 there was \$57,750 remaining unspent. As the grants are subject to a deed of agreement under AASB 15 the amounts would be held as a liability and recorded as income when spent.

AASB15 will have no impact on rates and charges paid in advance as council has always accounted for these as a liability. There may be a very minor impact in relation to grants as council is currently auspicing several Stronger Country Communities where the goods/services will not be retained by council.

AASB 1058 Income of NFP Entities

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard, such as:

- (a) contributions by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

The majority of capital grants are paid in arrears based on actual expenditure and therefore council will have met all obligations prior to receiving the grant payment. There were however a number of grants, totalling \$198,305, under the Stronger Country Communities program which were unspent at 30 June 2019 and under the terms of the funding agreement would be shown as a liability and the income taken up when the works have been completed.

AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Functions or activities										
Our Community	3,880	1,838	5,237	4,200	(1,357)	(2,362)	2,454	559	21,318	21,362
Our Environment	1,115	1,119	1,428	1,494	(313)	(375)	126	130	3,004	3,171
Our Economy	937	1,292	1,990	1,583	(1,053)	(291)	3	-	7,147	8,030
Our Infrastructure	7,535	7,739	8,212	8,521	(677)	(782)	2,881	3,418	210,855	203,056
Our Civic Leadership	10,626	10,012	2,307	3,471	8,319	6,541	4,934	4,604	15,841	16,719
Total functions and activities	24,093	22,000	19,174	19,269	4,919	2,731	10,398	8,711	258,165	252,338

Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

Our Community

Security cameras, emergency services, health, aged & disabled services, social support, home modification and maintenance, community transport, community options, youth and childcare services, street lighting, public cemeteries, library, swimming pools, sportsgrounds, parks & reserves, Lake Talbot, sports stadium, cultural services, roads safety officer, arts centre.

Our Environment

Ordinance and ranger services, insect & vermin control, noxious weeds, waste management, public toilets, environmental protection, development control.

Our Economy

State Roads contract, economic development/real estate, industrial subdivision, industrial promotion, marketing & tourism, visitors centre, saleyards, caravan parks, private works, council land & buildings, aerodrome.

Our Infrastructure

Infrastructure services, stormwater, urban & rural roads, regional roads, bridges, Roads to Recovery, roads ancillary, car parking, water & sewer services.

Our Civic Leadership

Governance, council chambers, administration, finance, human resources & work health and safety, information technology, property/revenue, employment overheads, plant operations, external plant revenue and general purposes income.

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Ordinary rates		
Residential	1,558	1,505
Farmland	2,889	2,795
Business	404	395
Less: pensioner rebates (mandatory)	(136)	(140)
Rates levied to ratepayers	4,715	4,555
Pensioner rate subsidies received	76	77
Total ordinary rates	4,791	4,632
Annual charges		
<small>(pursuant to s.496, s.498A, s.498B, s.501 & s.611)</small>		
Domestic waste management services	727	708
Stormwater management services	71	71
Water supply services	730	708
Sewerage services	1,176	1,055
Waste management services (non-domestic)	113	111
Less: pensioner rebates (mandatory)	(77)	(79)
Annual charges levied	2,740	2,574
Pensioner subsidies received:		
– Water	22	23
– Sewerage	20	20
Total annual charges	2,782	2,617
TOTAL RATES AND ANNUAL CHARGES	7,573	7,249

Council has used 2016 year 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.

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
<small>(per s.502 - specific 'actual user' charges)</small>		
Water supply services	1,409	1,190
Sewerage services	172	111
Total specific user charges	1,581	1,301

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Inspection services	12	10
Planning and building regulation	60	79
Private works – section 67	296	268
Regulatory/ statutory fees	1	2
Section 10.7 certificates (EP&A Act)	27	41
Section 603 certificates	15	14
Companion animals fees	2	4
Total fees and charges – statutory/regulatory	413	418
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	104	114
Home and community care	612	644
Cemeteries	117	151
Child care	79	101
Community centres	2	–
Leaseback fees – Council vehicles	15	13
Multipurpose centre	6	5
RMS (formerly RTA) charges (state roads not controlled by Council)	177	150
RMS (formerly RTA) charges (ordered works)	165	167
Sundry sales	6	2
Waste disposal tipping fees	11	20
Water connection fees	32	7
Sportsground Fees	14	15
Stadium Fees	68	62
John O'Brien festival income	–	29
Library	7	8
Other	32	24
Total fees and charges – other	1,447	1,512
TOTAL USER CHARGES AND FEES	3,441	3,231

Accounting policy for user charges and fees

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

(c) Interest and investment revenue (including losses)

Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	46	34
– Cash and investments	647	597
Dividend income (other)	10	10
TOTAL INTEREST AND INVESTMENT REVENUE	703	641

Interest revenue is attributable to:

Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	26	20
General Council cash and investments	440	400

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	3	7
– Section 64	7	5
Water fund operations	209	208
Sewerage fund operations	18	1
Total interest and investment revenue	<u>703</u>	<u>641</u>

Accounting policy for interest and investment revenue

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

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

(d) Other revenues

Rental income – other council properties	33	28
Fines	10	23
Legal fees recovery – rates and charges (extra charges)	1	41
Commissions and agency fees	41	34
Diesel rebate	68	70
Recycling income (non-domestic)	19	–
Sales – general	65	81
ESPL fee for service implementation	–	4
Incentive insurance rebate	96	43
Insurance reimbursement	29	26
Lease rentals	103	110
Lease rentals – Lake Talbot caravan park	83	88
Payroll tax refund	–	245
Rural fire service reimbursement	155	237
Sale of scrap materials	33	19
Other	36	6
TOTAL OTHER REVENUE	<u>772</u>	<u>1,055</u>

Accounting policy for other revenue

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

Fines are recognised as revenue when the penalty has been paid.

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

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

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

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance	2,418	2,269	-	-
Payment in advance - future year allocation				
Financial assistance	2,507	2,330	-	-
Total general purpose	4,925	4,599	-	-
Specific purpose				
Water supplies	-	-	-	21
Employment and training programs	9	5	-	-
Heritage and cultural	35	24	-	-
Library	-	-	25	200
Library – per capita	22	22	-	-
Library – special projects	8	12	-	-
Noxious weeds	43	42	-	-
Recreation and culture	585	-	608	252
Storm/flood damage	-	-	1,614	1,089
Street lighting	33	32	-	-
Transport (roads to recovery)	932	1,360	-	-
Transport (other roads and bridges funding)	209	58	172	748
Community services – recurrent grant	7	1	-	-
Floodplain mapping and land use	73	78	-	-
Innovation fund	-	168	-	-
Lake Talbot – boat ramp	-	-	27	-
Crown Lands	71	-	-	-
Drought Communities	51	-	949	-
Total specific purpose	2,078	1,802	3,395	2,310
Total grants	7,003	6,401	3,395	2,310
Grant revenue is attributable to:				
- Commonwealth funding	5,918	5,964	949	234
- State funding	1,038	346	2,428	2,076
- Other funding	47	91	18	-
	7,003	6,401	3,395	2,310

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.12 – fixed development consent levies		–	–	35	50
S 64 – water supply contributions		–	–	14	56
S 64 – sewerage service contributions		–	–	5	18
Total developer contributions – cash		–	–	54	124
Total developer contributions	21	–	–	54	124
Other contributions:					
Cash contributions					
Kerb and gutter		–	–	–	8
Recreation and culture		–	–	338	–
Roads and bridges		103	148	–	19
RMS contributions (regional roads, block grant)		554	544	100	100
Leeton Shire Council aerodrome contributions		30	57	17	113
Total other contributions – cash		687	749	455	240
Non-cash contributions					
Recreation and culture		–	–	10	–
Total other contributions – non-cash		–	–	10	–
Total other contributions		687	749	465	240
Total contributions		687	749	519	364
TOTAL GRANTS AND CONTRIBUTIONS		7,690	7,150	3,914	2,674

Accounting policy for grants and contributions

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

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

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, 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.

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	785	564
Add: operating grants recognised in the current period but not yet spent	–	148
Add: operating grants received for the provision of goods and services in a future period	764	156
Less: operating grants recognised in a previous reporting period now spent	(778)	(83)
Unexpended and held as restricted assets (operating grants)	<u>771</u>	<u>785</u>
Capital grants		
Unexpended at the close of the previous reporting period	330	271
Add: capital grants recognised in the current period but not yet spent	163	315
Less: capital grants recognised in a previous reporting period now spent	(250)	(256)
Unexpended and held as restricted assets (capital grants)	<u>243</u>	<u>330</u>
Contributions		
Unexpended at the close of the previous reporting period	707	637
Add: contributions recognised in the current period but not yet spent	167	136
Less: contributions recognised in a previous reporting period now spent	(228)	(66)
Unexpended and held as restricted assets (contributions)	<u>646</u>	<u>707</u>

Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	6,490	6,361
Travel expenses	25	58
Employee leave entitlements (ELE)	1,326	1,443
Superannuation	757	738
Workers' compensation insurance	421	352
Fringe benefit tax (FBT)	35	33
Payroll tax	(4)	45
Training costs (other than salaries and wages)	39	83
Sick leave insurance	10	9
Other	16	-
Total employee costs	9,115	9,122
Less: capitalised costs	(1,492)	(1,410)
TOTAL EMPLOYEE COSTS EXPENSED	7,623	7,712
Number of 'full-time equivalent' employees (FTE) at year end	110	110

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, when 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.

\$ '000	2019	2018
(b) Materials and contracts		
Raw materials and consumables	3,755	3,331
Contractor and consultancy costs	883	867
Auditors remuneration ²	40	38
Legal expenses:		
– Legal expenses: planning and development	8	3
– Legal expenses: debt recovery	2	43
– Legal expenses: other	9	11
Operating leases:		
– Operating lease rentals: minimum lease payments ¹	16	14
Total materials and contracts	4,713	4,307
TOTAL MATERIALS AND CONTRACTS	4,713	4,307

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
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 leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.		
1. Operating lease payments are attributable to:		
Copiers	16	14
	<u>16</u>	<u>14</u>
2. Auditor remuneration		
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	40	38
Remuneration for audit and other assurance services	<u>40</u>	<u>38</u>
Total Auditor-General remuneration	<u>40</u>	<u>38</u>
Total Auditor remuneration	<u>40</u>	<u>38</u>

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Depreciation, amortisation and impairment of intangible assets and IPP&E		
Depreciation and amortisation		
Plant and equipment	562	570
Office equipment	113	114
Furniture and fittings	7	7
Infrastructure:		
– Buildings – non-specialised	418	324
– Buildings – specialised	237	204
– Other structures	332	345
– Roads	1,991	1,939
– Bridges	165	165
– Footpaths	20	18
– Stormwater drainage	99	99
– Water supply network	481	467
– Sewerage network	295	291
– Swimming pools	79	87
– Other open space/recreational assets	83	84
Other assets:		
– Library books	11	10
– Other	2	21
Total gross depreciation and amortisation costs	4,895	4,745
Total depreciation and amortisation costs	4,895	4,745
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&E	4,895	4,745

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

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

Impairment of non-financial assets

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(d) Other expenses		
Advertising	9	2
Bad and doubtful debts	5	27
Bank charges	42	37
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	204	212
– Western Riverina Library	32	31
Councillor expenses – mayoral fee	26	25
Councillor expenses – councillors' fees	107	104
Councillors' expenses (incl. mayor) – other (excluding fees above)	32	28
Donations, contributions and assistance to other organisations (Section 356)	19	15
Electricity and heating	466	415
Fire control expenses	92	210
Insurance	357	324
Postage	22	23
Printing and stationery	45	48
Street lighting	161	150
Subscriptions and publications	82	48
Telephone and communications	66	75
Valuation fees	31	35
Other	11	30
Total other expenses	1,809	1,839
TOTAL OTHER EXPENSES	1,809	1,839

Accounting policy for other expenses

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

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

\$ '000	Notes	2019	2018
Plant and equipment			
	9		
Proceeds from disposal – plant and equipment		168	377
Less: carrying amount of plant and equipment assets sold/written off		(82)	(351)
Net gain/(loss) on disposal		86	26
Infrastructure			
	9		
Less: carrying amount of infrastructure assets sold/written off		(220)	(692)
Net gain/(loss) on disposal		(220)	(692)
Investments			
	8(b)		
Proceeds from disposal/redemptions/maturities – investments		25,845	23,592
Less: carrying amount of investments sold/redeemed/matured		(25,845)	(23,592)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(134)	(666)

Accounting policy for disposal of assets

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

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for the year ended 30 June 2019

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

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

Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	147	995
Cash-equivalent assets		
– Deposits at call	2,173	–
Total cash and cash equivalents	2,320	995

Accounting policy for cash and cash equivalents

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

Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss'				
– 'Designated at fair value on initial recognition'	10	–	10	–
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	22,597	–	24,345	–
Total Investments	22,607	–	24,355	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	24,927	–	25,350	–
Financial assets at fair value through the profit and loss				
Unlisted equity securities	10	–	10	–
Total	10	–	10	–
Financial assets at amortised cost / held to maturity (2018)				
Long term deposits	22,597	–	24,345	–
Total	22,597	–	24,345	–

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

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

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

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Note 6(b). Investments (continued)

Financial assets

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

Classification

Council classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost;

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.

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 profit or loss.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in Southern Phone Limited and Narrandera Investments (Bendigo Bank).

Accounting policy under AASB 139 – applicable for 2018 comparatives only

Classification

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

(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.

Recognition and de-recognition

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

Narrandera Shire Council

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

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

\$ '000	2019		2018	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	24,927	–	25,350	–
attributable to:				
External restrictions	12,985	–	12,723	–
Internal restrictions	11,787	–	12,488	–
Unrestricted	155	–	139	–
	24,927	–	25,350	–

\$ '000	2019	2018
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Details of restrictions

External restrictions – other

Developer contributions – general	169	359
Developer contributions – water fund	306	287
Developer contributions – sewer fund	68	61
RMS contributions	101	–
Specific purpose unexpended grants	1,014	1,115
Water supplies	6,818	7,194
Water supplies – carry over works	542	300
Water supplies – Retention	–	17
Sewerage services	307	24
Sewerage services – carry over works	179	–
Domestic waste management	2,736	2,698
Stormwater management	511	505
Crown lands	232	163
Other	2	–

External restrictions – other	12,985	12,723
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Total external restrictions	12,985	12,723
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Internal restrictions

Plant and vehicle replacement	342	965
Employees leave entitlement	1,230	1,330
Carry over works revenue funded	729	623
Deposits, retentions and bonds	143	131
Financial assistance grant	2,507	2,330
Building maintenance and repair	155	72
Community activities	366	333
Construction of buildings	377	384
Lake Talbot pool reserve	1,807	1,920
Positive aging strategy	773	1,030
Office equipment	514	516
Narrandera business centre	1,992	2,000
Property development	141	172
Gravel Pits	19	–
Other	692	682

Total internal restrictions	11,787	12,488
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TOTAL RESTRICTIONS	24,772	25,211
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Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Purpose				
Rates and annual charges	557	25	390	25
Interest and extra charges	66	–	48	–
User charges and fees	338	–	410	–
Accrued revenues				
– Interest on investments	306	–	307	–
– Other income accruals	185	–	230	–
Deferred debtors	1	2	7	6
Government grants and subsidies	2,017	–	1,159	–
Net GST receivable	196	–	80	–
RMS receivables	73	–	178	–
Other debtors	–	–	1	–
Total	3,739	27	2,810	31
Less: provision of impairment				
Rates and annual charges	(26)	–	(26)	–
Interest and extra charges	(2)	–	(2)	–
User charges and fees	(7)	–	(7)	–
Total provision for impairment – receivables	(35)	–	(35)	–
TOTAL NET RECEIVABLES	3,704	27	2,775	31

\$ '000	2019	2018
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	35	35
Balance at the end of the period	35	35

Accounting policy for receivables**Recognition and measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables (Note 7) in the Statement of Financial Position.

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

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

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

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

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

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

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

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

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

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

Accounting policy under AASB 139 – applicable for 2018 comparatives only

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

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

Rates and annual charges outstanding are secured against the property.

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Financial Statements 2019

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

Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Inventories				
(i) Inventories at cost				
Real estate for resale	22	438	22	438
Stores and materials	650	–	385	–
Trading stock	19	–	21	–
Total inventories at cost	<u>691</u>	<u>438</u>	<u>428</u>	<u>438</u>
TOTAL INVENTORIES	<u>691</u>	<u>438</u>	<u>428</u>	<u>438</u>

Externally restricted assets

There are no restrictions applicable to the above assets.

(i) Other disclosures

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Details for real estate development				
Industrial/commercial	22	438	22	438
Total real estate for resale	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	11	234	11	234
Development costs	11	204	11	204
Total costs	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>
Total real estate for resale	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>
Movements:				
Real estate assets at beginning of the year	22	438	22	438
Total real estate for resale	<u>22</u>	<u>438</u>	<u>22</u>	<u>438</u>

(b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2019	2018
Real estate for resale	22	22
	<u>22</u>	<u>22</u>

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets (continued)

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.

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Narrandera Shire Council

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

Note 9. Infrastructure, property, plant and equipment

	as at 30/6/2018			Asset movements during the reporting period								as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	1,411	-	1,411	-	4,283	-	-	-	(889)	-	-	4,785	-	4,785
Plant and equipment	7,570	(4,381)	3,189	-	562	-	(82)	(562)	-	-	-	7,841	(4,734)	3,107
Office equipment	1,114	(788)	326	-	135	-	-	(113)	131	-	-	1,380	(901)	479
Furniture and fittings	131	(114)	17	-	-	-	-	(7)	-	-	-	131	(121)	10
Land:														
- Operational land	3,577	-	3,577	-	-	-	-	-	-	-	-	3,577	-	3,577
- Community land	8,634	-	8,634	-	-	-	-	-	-	-	-	8,634	-	8,634
Land improvements – non-depreciable	99	-	99	-	-	-	-	-	-	-	-	99	-	99
Infrastructure:														
- Buildings – non-specialised	22,770	(14,306)	8,464	58	33	-	-	(418)	-	(36)	-	22,810	(14,709)	8,101
- Buildings – specialised	11,890	(5,467)	6,423	-	58	-	(36)	(237)	8	(9)	-	11,740	(5,535)	6,205
- Other structures	10,948	(6,614)	4,334	177	400	-	(182)	(332)	90	84	-	11,170	(6,599)	4,571
- Roads	98,767	(19,946)	78,821	2,388	10	1,220	-	(1,991)	238	-	-	98,767	(18,061)	80,686
- Bridges	15,958	(6,185)	9,773	-	-	-	-	(165)	-	-	-	15,958	(6,350)	9,608
- Footpaths	1,508	(205)	1,303	-	15	-	-	(20)	-	-	-	1,524	(226)	1,298
- Bulk earthworks (non-depreciable)	54,645	-	54,645	-	-	-	-	-	-	-	-	54,645	-	54,645
- Stormwater drainage	9,918	(3,271)	6,647	-	-	-	-	(99)	-	-	-	9,918	(3,370)	6,548
- Water supply network	30,222	(13,343)	16,879	-	278	-	(2)	(481)	422	-	274	31,413	(14,043)	17,370
- Sewerage network	25,156	(6,635)	18,521	-	-	-	-	(295)	-	-	292	25,558	(7,040)	18,518
- Swimming pools	3,461	(2,253)	1,208	5	-	-	-	(79)	-	-	-	3,466	(2,332)	1,134
- Other open space/recreational assets	1,381	(571)	810	45	-	-	-	(83)	-	(39)	-	1,367	(634)	733
Other assets:														
- Library books	191	(104)	87	-	48	-	-	(11)	-	-	-	148	(24)	124
- Other	149	(1)	148	-	-	-	-	(2)	-	-	-	149	(3)	146
Total Infrastructure, property, plant and equipment	307,500	(84,184)	223,316	2,673	5,800	1,220	(302)	(4,895)	-	-	566	313,080	(84,702)	228,378

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

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

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

	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	1,771	-	1,771	1,123	-	-	(244)	-	(1,239)	-	-	1,411	-	1,411
Plant and equipment	8,521	(4,669)	3,852	-	254	-	(347)	(570)	-	-	-	7,570	(4,381)	3,189
Office equipment	1,465	(1,051)	414	-	30	-	(4)	(114)	-	-	-	1,114	(788)	326
Furniture and fittings	127	(106)	21	-	3	-	-	(7)	-	-	-	131	(114)	17
Land:														
- Operational land	3,071	-	3,071	-	-	-	-	-	-	(215)	721	3,577	-	3,577
- Community land	6,419	-	6,419	-	-	-	-	-	-	215	-	6,634	-	6,634
Land improvements – non-depreciable	99	-	99	-	-	-	-	-	-	-	-	99	-	99
Infrastructure:														
- Buildings – non-specialised	22,385	(13,980)	8,405	90	-	-	-	(324)	293	-	-	22,770	(14,306)	8,464
- Buildings – specialised	11,702	(5,272)	6,430	8	-	-	-	(204)	-	189	-	11,890	(5,467)	6,423
- Other structures	10,993	(6,631)	4,362	88	383	-	-	(345)	60	(194)	-	10,948	(6,614)	4,334
- Roads	97,889	(19,948)	77,941	2,137	578	1,073	(115)	(1,939)	-	(854)	-	98,767	(19,946)	78,821
- Bridges	15,933	(6,019)	9,914	24	-	-	-	(165)	-	-	-	15,958	(6,185)	9,773
- Footpaths	1,335	(191)	1,144	48	115	-	-	(18)	14	-	-	1,508	(205)	1,303
- Bulk earthworks (non-depreciable)	54,645	-	54,645	-	-	-	-	-	-	-	-	54,645	-	54,645
- Stormwater drainage	8,831	(3,172)	5,659	-	32	-	-	(99)	-	1,055	-	9,918	(3,271)	6,647
- Water supply network	27,761	(13,179)	14,582	133	604	-	(47)	(467)	434	(423)	2,063	30,222	(13,343)	16,879
- Sewerage network	22,914	(6,328)	16,586	860	165	-	(41)	(291)	438	423	381	25,156	(6,635)	18,521
- Swimming pools	3,484	(2,171)	1,313	5	-	-	(23)	(87)	-	-	-	3,461	(2,253)	1,208
- Other open space/recreational assets	1,561	(487)	1,074	-	51	-	(35)	(84)	-	(196)	-	1,381	(571)	810
Other assets:														
- Library books	163	(95)	68	-	29	-	-	(10)	-	-	-	191	(104)	87
- Other	383	(27)	356	-	-	-	(187)	(21)	-	-	-	149	(1)	148
Total Infrastructure, property, plant and equipment	301,452	(83,326)	218,126	4,496	2,244	1,073	(1,043)	(4,745)	-	-	3,165	307,500	(84,184)	223,316

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

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Notes to the Financial Statements

for the year ended 30 June 2019

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

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	10
Office furniture	5 to 20	Benches, seats etc.	15 to 40
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 15	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	30 to 100
Bores	20 to 80	Culverts	80
Reticulation pipes: PVC	80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 50		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	30	Swimming pools	25 to 40
Sealed roads: structure	50	Other open space/recreational assets	10 to 40
Unsealed roads	30	Other infrastructure	10 to 80
Bridge: concrete	100		
Bridge: other	80		
Road pavements	30 to 88		
Kerb, gutter and footpaths	30 to 100		

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.

In 2018, Council wrote off a number of studies in Infrastructure including the Hydrological Study, Street Tree Survey, Floodplain Risk Management Study and PAMP Study that were capitalised or placed in WIP in 2017. There were also a number of Roads, Water & Sewer Assets which were written off (or disposed of) as they were renewed in 2018.

The two amounts referred to in Note 5 being for:

- carrying amount of plant and equipment assets sold/written off of \$(351k) and

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Notes to the Financial Statements

for the year ended 30 June 2019

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

- carrying amount of infrastructure assets sold/written off of \$(692k) make up the total value of \$(1,043k) in the Carrying value of disposals as indicated in Note 9.

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".

Council recognises the RFS buildings on council controlled land however does not recognise the vehicles as it has no control of these assets.

Narrandera Shire Council

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Payables				
Goods and services – operating expenditure	1,216	–	891	–
Accrued expenses:				
Security bonds, deposits and retentions	142	3	148	3
Other	20	–	–	–
Total payables	1,378	3	1,039	3
Income received in advance				
Payments received in advance	207	–	206	–
Total income received in advance	207	–	206	–
TOTAL PAYABLES AND BORROWINGS	1,585	3	1,245	3

\$ '000	2019	2018
---------	------	------

Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities ¹	350	350
Credit cards/purchase cards	45	45
Total financing arrangements	395	395

Drawn facilities as at balance date:

– Credit cards/purchase cards	9	8
Total drawn financing arrangements	9	8

Undrawn facilities as at balance date:

– Bank overdraft facilities	350	350
– Credit cards/purchase cards	36	37
Total undrawn financing arrangements	386	387

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

Accounting policy for payables and borrowings

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

The financial liabilities of the 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.

Narrandera Shire Council

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Provisions				
Employee benefits				
Annual leave	824	–	860	–
Long service leave	1,672	52	1,631	50
Rostered days off	27	–	32	–
Sub-total – aggregate employee benefits	<u>2,523</u>	<u>52</u>	<u>2,523</u>	<u>50</u>
TOTAL PROVISIONS	<u>2,523</u>	<u>52</u>	<u>2,523</u>	<u>50</u>

(a) Provisions relating to restricted assets**Internally restricted assets**

Employee leave entitlements (ELE)	1,230	–	1,330	–
Provisions relating to internally restricted assets	1,230	–	1,330	–
Total provisions relating to restricted assets	<u>1,230</u>	<u>–</u>	<u>1,330</u>	<u>–</u>
Total provisions relating to unrestricted assets	<u>1,293</u>	<u>52</u>	<u>1,193</u>	<u>50</u>
TOTAL PROVISIONS	<u>2,523</u>	<u>52</u>	<u>2,523</u>	<u>50</u>

\$ '000	2019	2018
---------	------	------

(b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	1,675	1,746
	<u>1,675</u>	<u>1,746</u>

Nature and purpose of non-employee benefit provisions**Asset remediation**

Council has various landfill sites (tips) and gravel quarries situated throughout the shire.

These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

These future liabilities have however, not been brought to account due to;

a. the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,

b. preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's financial results or financial position as at 30/6/19.

Accordingly, no provision amounts have been brought to account in these financial statements for such future reinstatement and restoration costs.

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions (continued)

Accounting policy for provisions

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

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

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

Employee benefits**Short-term obligations**

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

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

Nature and purpose of reserves**Infrastructure, property, plant and equipment revaluation reserve**

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	2,320	995
Balance as per the Statement of Cash Flows		2,320	995
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		4,919	2,731
Adjust for non-cash items:			
Depreciation and amortisation		4,895	4,745
Net losses/(gains) on disposal of assets		134	666
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(935)	(1,326)
Decrease/(increase) in inventories		(263)	(7)
Increase/(decrease) in payables		325	(237)
Increase/(decrease) in other liabilities		15	28
Increase/(decrease) in provision for employee benefits		2	232
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		9,092	6,832

Note 14. Interests in other entities

Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2019 Net profit	2019 Net assets
Western Riverina Library Services	Provision of library services to member local government areas	-	-

Reasons for non-recognition

Council holds 7.22% equity share in Western Riverina Library Service, and has assessed this as not material, hence not recognised.

Narrandera Shire Council

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Commitments

\$ '000	2019	2018
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(a) Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Recreation	420	48
Structures	1,011	20
Total commitments	1,431	68

These expenditures are payable as follows:

Within the next year	1,431	68
Total payable	1,431	68

Sources for funding of capital commitments:

Future grants and contributions	313	48
Unexpended grants	123	20
Internally restricted reserves	995	-
Total sources of funding	1,431	68

Details of capital commitments

Lake Talbot Pool new changerooms at pool deck level - \$420,000
 Lake Talbot Pool replacement water slides - \$1,011,000

(b) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	14	14
Later than one year and not later than 5 years	-	15
Total non-cancellable operating lease commitments	14	29

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

Council has leases on a number of photocopiers.

Conditions relating to finance and operating leases:

- All finance agreements are secured only against the leased asset.

- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Narrandera Shire Council

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised

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

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

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times employee contributions for non - 180 Point Members; Nil for 180 Point members
Division C	2.5% salaries
Division D	1.64 times employee contributions

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

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

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

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

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

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 99,068.91. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 31 December 2018, and covers the period ended 30 June 2018.

The amount of additional contributions included in the total employer contribution advised above is \$55,000. Council's expected contribution to the plan for the next annual reporting period is \$111,982.16.

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

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

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

Based on a Past Service Liabilities methodology, council's share of the surplus that can be attributed 0.15%.

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised (continued)

2. Other liabilities**(i) Third party claims**

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

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

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

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

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

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

(iii) Tips and quarries

Council operates a number of landfill sites and gravel quarries and will have to rehabilitate the sites at some time in the future. As at 30 June 2019 Council is unable to reliably estimate the financial cost of such work.

ASSETS NOT RECOGNISED**(i) Land under roads**

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

(iii) Southern Phone shares

Council owns two shares in Southern Phones, which are disclosed at cost.

There is no active market for these shares and whilst the estimated fair value has been calculated it is not considered material and therefore has not been brought to account.

(iv) Rural Fire Service (RFS) – Plant and Equipment ("Red Fleet")

As disclosed in Note 9, assets of the RFS, vest in Council, under Section 119 of the Rural Fires Act 1997

As Council does not have control over these assets Council does not recognise these as assets in our financial statements.

Should this be resolved in the future, that Council has to recognise them as assets, it means that Council has a potential contingent asset, at this stage.

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management

Risk management

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

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

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

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

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	2,320	995	2,320	995
Receivables	3,731	2,806	3,731	2,806
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	22,597	24,345	22,597	24,345
Fair value through profit and loss				
Investments				
– 'Designated at fair value on initial recognition'	10	10	10	10
Total financial assets	28,658	28,156	28,658	28,156
Financial liabilities				
Payables	1,381	1,042	1,381	1,042
Total financial liabilities	1,381	1,042	1,381	1,042

Fair value is determined as follows:

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

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

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

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

The risks associated with the instruments held are:

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

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

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2019				
Possible impact of a 1% movement in interest rates	249	249	(249)	(249)
2018				
Possible impact of a 1% movement in interest rates	253	253	(253)	(253)

(b) Credit risk

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

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

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

Council makes suitable provision for doubtful receivables as required.

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
Credit risk profile						
2019						
Gross carrying amount	–	383	135	38	26	582
2018						
Gross carrying amount	–	210	76	129	–	415

Receivables - non-rates and annual charges

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

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

	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2019						
Gross carrying amount	3,089	20	40	35	–	3,184
Expected loss rate (%)	–	–	–	14.00%	–	0.15%
ECL provision	–	–	–	5	–	5
2018						
Gross carrying amount	2,069	261	40	56	–	2,426
Expected loss rate (%)	–	–	–	–	–	–

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Note 17. Financial risk management (continued)

(c) Liquidity risk

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2019							
Trade/other payables	–	145	1,236	–	–	1,381	1,381
Total financial liabilities		<u>145</u>	<u>1,236</u>	<u>–</u>	<u>–</u>	<u>1,381</u>	<u>1,381</u>
2018							
Trade/other payables	–	151	891	–	–	1,042	1,042
Total financial liabilities		<u>151</u>	<u>891</u>	<u>–</u>	<u>–</u>	<u>1,042</u>	<u>1,042</u>

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 19/06/2018 and is unaudited.

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

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

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

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

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance* -----	
REVENUES				
Rates and annual charges	7,551	7,573	22	0% F
User charges and fees	3,073	3,441	368	12% F
Council received additional income of \$232,000 from water usage charges due to the persistent extremely dry conditions.				
Interest and investment revenue	623	703	80	13% F
Investment income was higher than original budget by \$68,000 due to the level of invested funds being greater throughout the year. This occurred as a number of capital works projects were delayed or not completed. Interest on overdue rates was also up due to lower than anticipated recovery due to the drought.				
Other revenues	689	772	83	12% F
Council received insurance rebates of \$71,000 which were not budgeted.				
Operating grants and contributions	6,294	7,690	1,396	22% F
Council received additional operating grants as follows: Stronger Country Communities - Community Projects - \$584,000 Crown Lands Plans of Management - \$71,000 Drought Communities - \$51,000 Financial Assistance Grant - \$318,000 (\$140k 2018/19, \$178k advance payment 2019/20) Roads to Recovery - \$73,000 RMS - Grong Grong Handover - \$103,000 Cultural Grants - \$25,000 Fixing Country Roads - Bridge Assessment - \$160,000				
Capital grants and contributions	6,297	3,914	(2,383)	(38)% U
Council had budgeted for the following capital grants which were not received: Narrandera Business Centre - (\$339,000) Flood Damage Restoration - funds paid in late 2017/18 - (\$87,000) Truck Wash - (\$484,000) Visitors Centre Redevelopment - (\$1,000,000) Boating Grant - (\$39,000) Sporting Communities & Clubs Grant - Narrandera Sports Ground - (\$1,700,000) PAMP - (\$119,000)				

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for the year ended 30 June 2019

Note 18. Material budget variations (continued)

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance* -----		
Additional Capital grants were received for the following;					
Library Youth Space - \$25,000					
Stronger Country Communities - \$96,000					
Playground Equipment - \$17,000					
Grong Grong Earth Park - \$27,000					
Fixing Country Roads - \$115,000					
Bus Shelters & Bays - \$44,000					
Drought Communities - \$949,000					
Contributions to Stronger Country Communities Projects - \$70,000					
Regional Roads Repair - \$19,000					
Donation of Lift for Lake Talbot Pool - \$10,000					

Net gains from disposal of assets	92	-	(92)	100%	U
--	----	---	------	------	---

Council budgeted for a profit on disposal of plant which was achieved however the demolition of a number of buildings resulted in a loss on disposal.

EXPENSES

Employee benefits and on-costs	7,936	7,623	313	4%	F
Materials and contracts	3,156	4,753	(1,597)	(51)%	U

Council auspiced a number of community projects under the Stronger Country Communities program which increased materials and contracts costs by \$783,000, these were not budgeted. There is an offset in the operating grants income. Additional works on State Roads also increased materials costs.

Depreciation and amortisation	4,880	4,895	(15)	0%	U
Other expenses	1,605	1,809	(204)	(13)%	U

Increased pumping costs resulted in higher than budgeted electricity charges of \$70,000.

Net losses from disposal of assets	-	134	(134)	∞	U
---	---	-----	-------	---	---

A number of buildings and structures were demolished in the course of asset renewal. These assets had not been fully depreciated and therefore the written down value is a loss on disposal.

STATEMENT OF CASH FLOWS

Net cash provided from (used in) operating activities	11,852	9,092	(2,760)	(23)%	U
--	--------	-------	---------	-------	---

A number of capital grants were not received which reduced the cash provided from operating activities.

Net cash provided from (used in) investing activities	(12,784)	(7,767)	5,017	(39)%	F
--	----------	---------	-------	-------	---

Council had budgeted for a large capital works program some of which was to be grant funded. These projects did not proceed as the grants were not forthcoming. A number of other capital projects particularly in water and sewer were delayed.

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for the year ended 30 June 2019

Note 19. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

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

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

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

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

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

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

2019	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
- 'Designated at fair value on initial recognition'	30/06/19	-	-	10	10
Total financial assets		-	-	10	10
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/19	-	-	3,107	3,107
Office equipment	30/06/19	-	-	479	479
Furniture and fittings	30/06/19	-	-	10	10
Operational land	30/06/18	-	3,577	-	3,577
Community land	30/06/16	-	-	6,634	6,634
Land Improvements – non-depreciable	30/06/16	-	-	99	99
Buildings – non-specialised	30/06/16	-	-	8,101	8,101
Buildings – specialised	30/06/16	-	-	6,205	6,205
Other structures	30/06/16	-	-	4,571	4,571
Roads	30/06/15	-	-	135,331	135,331
Bridges	30/06/15	-	-	9,608	9,608
Footpaths	30/06/15	-	-	1,298	1,298
Stormwater drainage	30/06/15	-	-	6,548	6,548
Water supply network	01/07/17	-	-	17,370	17,370
Sewerage network	30/06/17	-	-	18,518	18,518
Library books	30/06/18	-	-	124	124
Swimming pools	30/06/16	-	-	1,134	1,134
Other open space/recreational assets	30/06/16	-	-	733	733
Other	30/06/16	-	-	146	146
Total infrastructure, property, plant and equipment		-	3,577	220,016	223,593

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for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

		Fair value measurement hierarchy				
2018	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total	
Recurring fair value measurements						
Financial assets						
Investments						
- 'Designated at fair value on initial recognition'	30/06/18	-	-	10	10	
Total financial assets		-	-	10	10	
Infrastructure, property, plant and equipment						
Plant and equipment	30/06/18	-	-	3,189	3,189	
Office equipment	30/06/18	-	-	326	326	
Furniture and fittings	30/06/18	-	-	17	17	
Operational land	30/06/18	-	3,577	-	3,577	
Community land	30/06/16	-	-	6,634	6,634	
Land Improvements – non-depreciable	30/06/16	-	-	99	99	
Buildings – non-specialised	30/06/16	-	-	8,464	8,464	
Buildings – specialised	30/06/16	-	-	6,423	6,423	
Other structures	30/06/16	-	-	4,334	4,334	
Roads	30/06/15	-	-	133,466	133,466	
Bridges	30/06/15	-	-	9,773	9,773	
Footpaths	30/06/15	-	-	1,303	1,303	
Stormwater drainage	30/06/15	-	-	6,647	6,647	
Water supply network	01/07/17	-	-	16,879	16,879	
Sewerage network	30/06/17	-	-	18,521	18,521	
Library books	30/06/18	-	-	87	87	
Swimming pools	30/06/16	-	-	1,208	1,208	
Other open space/recreational assets	30/06/16	-	-	810	810	
Other	30/06/16	-	-	148	148	
Total infrastructure, property, plant and equipment		-	3,577	218,328	221,905	

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

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

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

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

Plant & Equipment, Office Equipment, Furniture & Fittings, Land Improvements and Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant & Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computer, photocopiers, tablets etc.
- Furniture & Fittings - Chairs, desks, cupboards etc.

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for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

- Land Improvements - Formation of land.
- Library Books - Books and audio visual.

There has been no change to the valuation process during the reporting period.

Operational & Community Land

Community land values are based on either the Land Value provided by the Valuer-General or an external valuation service where the Valuer-General did not provide a land value.

Council obtains its fair values for operational land from an external valuer every 5 years (last valuation being 2018 by Nicholas Lucas, Valuation Services) using level 3 inputs.

The valuation is the valuer's opinion of the Market Value of the property as at the date of inspection having regard to the supply and demand conditions for this category of property.

Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

There has been no change to the valuation process during the reporting period.

Buildings – Non-Specialised & Specialised

Non-Specialised & Specialised Buildings are valued by an external valuer, AssetVal Pty Ltd (last valuation 2016). The cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Other Structures

Other Structures comprise of lighting, irrigation systems, fencing, shade structures etc.

The cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Roads

Roads include carriageway, roadside shoulders & kerb & gutter. The cost approach using level 3 inputs was used to value this asset class. Valuation was undertaken in-house based on actual costs and assumptions from Council's Technical Services Department. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period.

Bridges

Bridges were valued under the cost approach using level 3 inputs was used to value this asset class. Valuation was undertaken in-house based on actual costs and assumptions from Council's Technical Services Department. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period.

Footpaths

Footpaths were valued in-house by Council's Technical Services Department and were based on actual cost per square meter of works carried out during the year.

There has been no change to the valuation process during the reporting period.

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for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

Stormwater Drainage

Assets within this class comprise of pits and pipes.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the reporting period.

Water Supply Network

Assets within this class comprise of bores, water treatment plant, reservoirs, pumping stations and water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The assets in this class of assets were subject to a validation process and then a revaluation of each component, and there has been a subsequent upward movement in the Fair Value of these assets.

Sewerage Network

Assets within this class comprise of treatment works, pumping stations and sewerage mains.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The assets in this class of assets were subject to a validation process and then a revaluation of each component, and there has been a subsequent upward movement in the Fair Value of these assets.

Swimming Pools

Swimming pools were valued using the cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets

Assets within this class comprise of BBQ's and outdoor play equipment. Other Open Space/Recreational Assets were valued using the cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

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for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

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

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

2018

\$215,000 was transferred from level 2 Operational Land to level 3 Community Land. The land is owned by the Crown and therefore not permitted to be classified as Operational under CLAW guidelines.

c. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant and Equipment	3,107	Level 3 Valued at cost	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value
Office Equipment	479	Level 3 Valued at cost	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value
Furniture and Fittings	10	Level 3 Valued at cost	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value
Community Land	6,634	Level 3 Based on Valuer-General valuation	<ul style="list-style-type: none"> Land value (price per square metre)
Land Improvements-Non-dep	99	Level 3 Valued at cost	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value
Buildings Non-Specialised	8,101	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value
Buildings Specialised	6,205	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value
Other Structures	4,571	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value
Roads	80,686	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value

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Note 19. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
Bulk Earthworks	54,645	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Bridges	9,608	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Footpaths	1,298	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Stormwater Drainage	6,548	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Water Supply Network	17,370	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Sewerage Network	18,518	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Swimming Pools	1,134	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Open Space and Recreational	733	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Library Books	124	Level 3 Valued at cost	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Other Assets	146	Level 3 Valued at cost	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Financial Assets	10	Level 3 Valued at cost	

(4) Highest and best use

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

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for the year ended 30 June 2019

Note 20. Related Party Transactions

(a) Key management personnel

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

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

\$ '000	2019	2018
Compensation:		
Short-term benefits	802	784
Post-employment benefits	29	39
Total	831	823

(b) Other transactions with KMP and their related parties

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

\$ '000	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
2019					
Employee expenses relating to close family members of KMP	160	-	Council staff award	-	-
Related Parties, which are Suppliers of Council, supplying goods and services, such as printing services.	44	-	Contracts, purchase orders or tenders	-	-
2018					
Employee expenses relating to close family members of KMP	155	-		-	-
Related Parties, which are Suppliers of Council, supplying goods and services, such as printing services.	45	-		-	-

Narrandera Shire Council

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for the year ended 30 June 2019

Note 21. Statement of developer contributions

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.

Summary of contributions and levies

	as at 30/6/2018				as at 30/6/2019			
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000		Cash	Non-cash					
S7.12 levies – under a plan	359	35	-	3	(228)	-	169	-
Total S7.11 and S7.12 revenue under plans	359	35	-	3	(228)	-	169	-
S64 contributions	348	19	-	7	-	-	374	-
Total contributions	707	54	-	10	(228)	-	543	-

S7.12 Levies – under a plan

CONTRIBUTION PLAN - Pine Hill

Community facilities	359	35	-	3	(228)	-	169	-
Total	359	35	-	3	(228)	-	169	-

Narrandera Shire Council

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

Note 22. Financial result and financial position by fund

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	5,701	712	1,160
User charges and fees	1,815	1,443	183
Interest and investment revenue	477	215	19
Other revenues	772	–	–
Grants and contributions provided for operating purposes	7,690	–	–
Grants and contributions provided for capital purposes	3,895	14	5
Total income from continuing operations	20,350	2,384	1,367
Expenses from continuing operations			
Employee benefits and on-costs	7,045	330	248
Borrowing costs	8	–	–
Materials and contracts	3,554	745	414
Depreciation and amortisation	4,106	487	302
Other expenses	1,410	252	147
Net losses from the disposal of assets	132	2	–
Total expenses from continuing operations	16,255	1,816	1,111
Operating result from continuing operations	4,095	568	256
Net operating result for the year	4,095	568	256
Net operating result attributable to each council fund	4,095	568	256
Net operating result for the year before grants and contributions provided for capital purposes	200	554	251

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

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

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial result and financial position by fund (continued)

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	2,100	166	54
Investments	14,607	7,500	500
Receivables	3,200	412	126
Inventories	691	-	-
Total current assets	20,598	8,078	680
Non-current assets			
Receivables	27	271	-
Inventories	438	-	-
Infrastructure, property, plant and equipment	190,767	18,738	18,873
Total non-current assets	191,232	19,009	18,873
TOTAL ASSETS	211,830	27,087	19,553
LIABILITIES			
Current liabilities			
Payables	1,325	53	-
Income received in advance	207	-	-
Borrowings	34	-	-
Provisions	2,523	-	-
Total current liabilities	4,089	53	-
Non-current liabilities			
Payables	3	-	-
Borrowings	271	-	-
Provisions	52	-	-
Total non-current liabilities	326	-	-
TOTAL LIABILITIES	4,415	53	-
Net assets	207,415	27,034	19,553
EQUITY			
Accumulated surplus	113,595	18,181	11,511
Revaluation reserves	93,820	8,853	8,042
Council equity interest	207,415	27,034	19,553
Total equity	207,415	27,034	19,553

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

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

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

Note 22. Financial result and financial position by fund (continued)

Details of individual internal loans for the year ended 30 June 2019

(in accordance with s410(3) of the Local Government Act 1993)

Details of individual internal loans	Council ID / Ref	Council ID / Ref	Council ID / Ref
Borrower (by purpose)	Coaches Box	Aerodrome Lighting	Festoon Lighting
Lender (by purpose)	Water Fund	Water Fund	Water Fund
Date of minister's approval	28/06/2017	28/06/2017	26/10/2017
Date raised	30/06/2017	30/06/2017	30/06/2018
Term (years)	10	10	10
Dates of maturity	30/06/2027	30/06/2027	30/06/2028
Rate of interest	2.47%	2.47%	2.47%
Amount originally raised	\$150,000	\$100,000	\$60,000
Total repaid during year (principal and interest)	\$16,975	\$11,316	\$6,790
Principal outstanding at end of year	\$122,880	\$81,820	\$54,643

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	Barellan Change Room
Lender (by purpose)	Water Fund
Date of minister's approval	26/10/2017
Date raised	30/06/2018
Term (years)	10
Dates of maturity	30/06/2028
Rate of interest	2.47%
Amount originally raised	\$50,000
Total repaid during year (principal and interest)	\$5,658
Principal outstanding at end of year	\$45,536

Narrandera Shire Council

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,139				
Total continuing operating revenue excluding capital grants and contributions ¹	20,179	5.64%	3.74%	17.39%	>0.00%
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	12,371				
Total continuing operating revenue ¹	24,093	51.35%	54.80%	52.17%	>60.00%
3. Unrestricted current ratio					
Current assets less all external restrictions	15,777				
Current liabilities less specific purpose liabilities	2,380	6.63x	7.85x	7.63x	>1.5x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6,034				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	–	∞	∞	806.7x	>2x
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	620				
Rates, annual and extra charges collectible	7,937	7.81%	5.69%	5.74%	<10.00%
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	24,917				
Monthly payments from cash flow of operating and financing activities	1,288	19.34 mths	20.09 mths	23.3 mths	>3 mths

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

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

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Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(b). Statement of performance measures – by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2.02%	2.23%	23.46%	18.76%	18.43%	(2.60)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	42.68%	47.17%	98.49%	96.47%	98.17%	98.47%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	6.64x	7.85x	146.64x	121.17x	∞	∞	>1.5x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	108.29x	154.75x	∞	∞	∞	∞	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	7.54%	5.85%	8.47%	4.83%	8.17%	5.49%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	15.04	16.11	69.22	75.65	8.22	1.15	>3
Payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

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

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

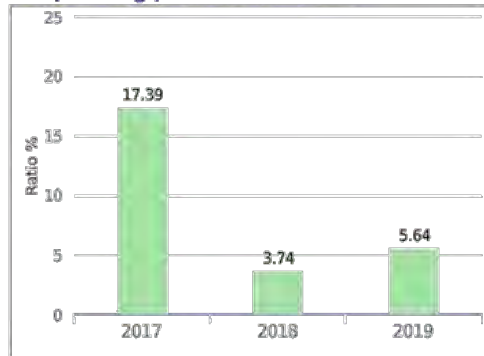
Narrandera Shire Council

Financial Statements 2019

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

Note 23(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2018/19 result

2018/19 ratio 5.64%

Council has again achieved an operating performance ratio well above the benchmark for all funds.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2018/19 result

2018/19 ratio 51.35%

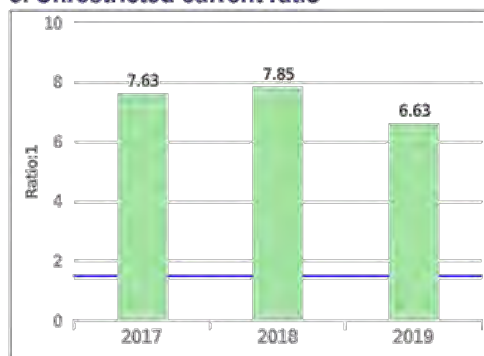
Own source revenue has again been impacted by additional grants for flood restoration works, Stronger Country Communities and the Drought Program.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2018/19 result

2018/19 ratio 6.63x

Council has a very strong ratio with more than adequate funds to satisfy its short term obligations.

Benchmark: — > 1.5x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

continued on next page

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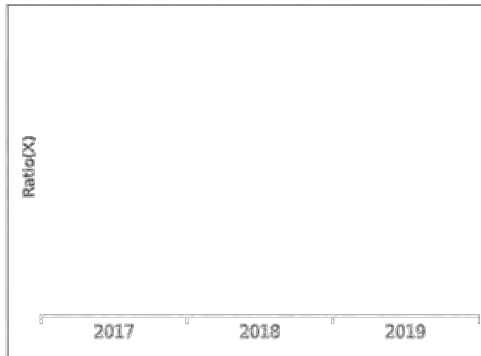
Narrandera Shire Council

Financial Statements 2019

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

Note 23(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2018/19 result

2018/19 ratio ∞

Council has no external debt.

Benchmark: — > 2x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

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



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

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

Commentary on 2018/19 result

2018/19 ratio 7.81%

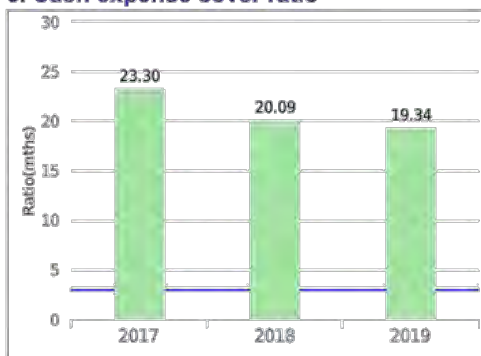
Council's outstanding rates and charges has increased slightly during the year due to the drought however it is still well within the benchmark for rural councils.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 19.34 mths

Council has more than adequate cash with enough to meet on going expenses for 19 months without requiring additional cash inflow.

Benchmark: — > 3mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

Narrandera Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Council information and contact details

Principal place of business:141 East St
Narrandera NSW 2700**Contact details****Mailing Address:**141 East St
Narrandera NSW 2700**Opening hours:**Office Hours
Monday to Friday
8:30am - 4:30pm**Telephone:** 02 6959 5510**Facsimile:** 02 6959 1884**Internet:** www.narrandera.nsw.gov.au**Email:** council@narrandera.nsw.gov.au**Officers****General Manager**

Mr George Cowan

Responsible Accounting Officer

Mr Martin Hiscox

Public Officer

Mr Martin Hiscox

AuditorsNSW Audit Office
Level 15
1 Margaret Street
Sydney NSW 2001

GPO Box 12

Sydney NSW 2001

Elected members**Mayor**

Cr Neville Kschenka

CouncillorsCr David Fahey
Cr Jenny Clarke
Cr Tammy Galvin
Cr Tracey Lewis
Cr Kevin Morris
Cr Barbara Bryon
Cr Wesley Hall
CR Narelle Payne**Other information****ABN:** 96 547 765 569

Narrandera Shire Council

Financial Statements 2019

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

Independent Auditor's Report

On the Financial Statements (Sect 417 [2])

Narrandera Shire Council

Financial Statements 2019

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

Independent Auditor's Report

On the Financial Statements (Sect 417 [3])

Narrandera Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Heart of Riverina



Narrandera Shire Council

Special Purpose Financial Statements 2019

Special Purpose Financial Statements for the year ended 30 June 2019

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Background

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

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

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

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

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

Narrandera Shire Council

Special Purpose Financial Statements 2019

Special Purpose Financial Statements

for the year ended 30 June 2019

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting**The attached Special Purpose Financial Statements have been prepared in accordance with:**

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

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

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

We are not aware of any matter that would render these statements false or misleading in any way.**Signed in accordance with a resolution of Council made on 20 August 2019.**

Cr Neville Kschenka
Mayor
20 August 2019

Cr David Fahey
Councillor
20 August 2019

Mr George Cowan
General Manager
20 August 2019

Mr Martin Hiscox
Responsible Accounting Officer
20 August 2019

Narrandera Shire Council

Special Purpose Financial Statements 2019

Income Statement – Water Supply Business Activity
for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	712	689
User charges	1,409	1,204
Fees	34	1
Interest	215	212
Total income from continuing operations	2,370	2,106
Expenses from continuing operations		
Employee benefits and on-costs	330	324
Materials and contracts	745	651
Depreciation, amortisation and impairment	487	474
Loss on sale of assets	2	138
Other expenses	252	262
Total expenses from continuing operations	1,816	1,849
Surplus (deficit) from continuing operations before capital amounts	554	257
Grants and contributions provided for capital purposes	14	77
Surplus (deficit) from continuing operations after capital amounts	568	334
Surplus (deficit) from all operations before tax	568	334
Less: corporate taxation equivalent (30%) [based on result before capital]	(166)	(77)
SURPLUS (DEFICIT) AFTER TAX	402	257
Plus accumulated surplus	17,613	17,569
Plus/less: prior period adjustments	–	(290)
– Corporate taxation equivalent	166	77
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	18,181	17,613
Return on capital %	3.0%	1.4%
Subsidy from Council	–	211
Calculation of dividend payable:		
Surplus (deficit) after tax	402	257
Less: capital grants and contributions (excluding developer contributions)	–	(21)
Surplus for dividend calculation purposes	402	236
Potential dividend calculated from surplus	201	118

Narrandera Shire Council

Special Purpose Financial Statements 2019

Income Statement – Sewerage Business Activity
 for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	1,160	1,038
User charges	183	111
Interest	19	2
Other income	–	4
Total income from continuing operations	1,362	1,155
Expenses from continuing operations		
Employee benefits and on-costs	248	288
Materials and contracts	414	489
Depreciation, amortisation and impairment	302	296
Loss on sale of assets	–	57
Other expenses	147	112
Total expenses from continuing operations	1,111	1,242
Surplus (deficit) from continuing operations before capital amounts	251	(87)
Grants and contributions provided for capital purposes	5	18
Surplus (deficit) from continuing operations after capital amounts	256	(69)
Surplus (deficit) from all operations before tax	256	(69)
Less: corporate taxation equivalent (30%) [based on result before capital]	(75)	–
SURPLUS (DEFICIT) AFTER TAX	181	(69)
Plus accumulated surplus	11,255	10,621
Plus/less: prior period adjustments	–	703
– Corporate taxation equivalent	75	–
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	11,511	11,255
Return on capital %	1.3%	(0.5)%
Subsidy from Council	–	583
Calculation of dividend payable:		
Surplus (deficit) after tax	181	(69)
Surplus for dividend calculation purposes	181	–
Potential dividend calculated from surplus	90	–

Narrandera Shire Council

Special Purpose Financial Statements 2019

**Income Statement –
for the year ended 30 June 2019**

\$ '000	2019	2018
Plus adjustments for amounts unpaid:		
Add:		
Less:		
Closing accumulated surplus	-	-

Narrandera Shire Council

Special Purpose Financial Statements 2019

Statement of Financial Position – Water Supply Business Activity
for the year ended 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	166	–
Investments	7,500	7,798
Receivables	412	365
Total current assets	8,078	8,163
Non-current assets		
Receivables	271	305
Infrastructure, property, plant and equipment	18,738	17,788
Total non-current assets	19,009	18,093
TOTAL ASSETS	27,087	26,256
LIABILITIES		
Current liabilities		
Payables	53	65
Total current liabilities	53	65
TOTAL LIABILITIES	53	65
NET ASSETS	27,034	26,191
EQUITY		
Accumulated surplus	18,181	17,613
Revaluation reserves	8,853	8,578
TOTAL EQUITY	27,034	26,191

Narrandera Shire Council

Special Purpose Financial Statements 2019

Statement of Financial Position – Sewerage Business Activity
for the year ended 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	54	85
Investments	500	–
Receivables	126	76
Total current assets	<u>680</u>	<u>161</u>
Non-current assets		
Infrastructure, property, plant and equipment	18,873	18,845
Total non-current assets	<u>18,873</u>	<u>18,845</u>
TOTAL ASSETS	<u>19,553</u>	<u>19,006</u>
NET ASSETS	<u>19,553</u>	<u>19,006</u>
EQUITY		
Accumulated surplus	11,511	11,255
Revaluation reserves	8,042	7,751
TOTAL EQUITY	<u>19,553</u>	<u>19,006</u>

Narrandera Shire Council

Special Purpose Financial Statements 2019

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

a. Narrandera Council Water Supply

Council's water supply activities servicing the town of Narrandera, and which is established as a Special Rate Fund of Council.

Category 2

(where gross operating turnover is less than \$2 million)

a. Narrandera Sewerage Service

Council's sewerage reticulation & treatment activities servicing the town of Narrandera, and which is established as a Special Rate Fund of Council.

Monetary amounts

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

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Narrandera Shire Council

Special Purpose Financial Statements 2019

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the Crown Lands and Water (CLAW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

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Narrandera Shire Council

Special Purpose Financial Statements 2019

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iv) Dividends

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

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

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

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

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

Narrandera Shire Council

Special Purpose Financial Statements 2019

Special Purpose Financial Statements
for the year ended 30 June 2019

Please uplift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).

Narrandera Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2019

Heart of Riverina



Narrandera Shire Council

Special Schedules 2019

Special Schedules
for the year ended 30 June 2019

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Narrandera Shire Council

Special Schedules 2019

Permissible income for general rates
for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	a	4,856	4,695
Plus or minus adjustments ²	b	3	7
Notional general income	c = a + b	4,859	4,702
Permissible income calculation			
Special variation percentage ³	d	-	-
Or rate peg percentage	e	2.70%	2.30%
Or crown land adjustment (incl. rate peg percentage)	f	-	-
Less expiring special variation amount	g	-	-
Plus special variation amount	h = d x (c - g)	-	-
Or plus rate peg amount	i = c x e	131	108
Or plus Crown land adjustment and rate peg amount	j = c x f	-	-
Sub-total	k = (c + g + h + i + j)	4,990	4,810
Plus (or minus) last year's carry forward total	l	(18)	28
Less valuation objections claimed in the previous year	m	-	-
Sub-total	n = (l + m)	(18)	28
Total permissible income	o = k + n	4,972	4,838
Less notional general income yield	p	4,950	4,856
Catch-up or (excess) result	q = o - p	22	(18)
Plus income lost due to valuation objections claimed ⁴	r	-	-
Less unused catch-up ⁵	s	-	-
Carry forward to next year ⁶	t = q + r - s	22	(18)

Notes

- (1) 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.
- (2) 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.
- (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 Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

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Narrandera Shire Council

Special Schedules 2019

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	-	-	-	-	-	-	-	-	-	-	-
	Buildings – non-specialised	-	-	-	-	8,101	22,810	-	-	-	-	100%
	Buildings – specialised	-	-	-	-	6,205	11,740	-	-	-	-	100%
	Other	-	-	-	-	-	-	-	-	-	-	-
	Sub-total		-	-	-	-	14,306	34,550	-	-	-	-
Other structures	Other structures	-	-	-	-	4,571	11,170	-	-	-	-	100%
	Other	-	-	-	-	-	-	-	-	-	-	-
	Sub-total		-	-	-	4,571	11,170	-	-	-	-	100.0 %
Roads	Sealed roads	-	-	-	-	55,176	66,288	-	-	-	-	100%
	Unsealed roads	-	-	-	-	20,711	28,597	-	-	-	-	100%
	Bridges	-	-	-	-	9,608	15,958	-	-	-	-	100%
	Footpaths	-	-	-	-	1,298	1,524	-	-	-	-	100%
	Other road assets	-	-	-	-	-	-	-	-	-	-	-
	Bulk earthworks	-	-	-	-	54,645	54,645	-	-	-	-	100%
	Other	-	-	-	-	-	-	-	-	-	-	-
	Kerb and guttering	-	-	-	-	4,488	6,097	-	-	-	-	100%
	Traffic devices	-	-	-	-	311	429	-	-	-	-	100%
Sub-total		-	-	-	-	146,237	173,538	-	-	-	-	100.0 %
Water supply network	Water supply network	-	-	-	-	17,370	31,413	-	-	-	-	100%
	Other	-	-	-	-	-	-	-	-	-	-	-
	Sub-total		-	-	-	17,370	31,413	-	-	-	-	100.0 %

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Narrandera Shire Council

Special Schedules 2019

Report on Infrastructure Assets (continued)
as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2018/19 Required maintenance ^(a)	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Sewerage network	Sewerage network	-	-	-	-	18,518	25,588	-	-	-	-	100%
	Other	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	-	-	-	18,518	25,588	-	-	-	-	100.0 %
Stormwater drainage	Stormwater drainage	-	-	-	-	6,548	9,918	-	-	-	-	100%
	Other	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	-	-	-	6,548	9,918	-	-	-	-	100.0 %
Open space / recreational assets	Swimming pools	-	-	-	-	1,134	3,466	-	-	-	-	100%
	Other	-	-	-	-	-	-	-	-	-	-	-
	Open Space & Recreational	-	-	-	-	733	1,367	-	-	-	-	100%
	Sub-total	-	-	-	-	1,867	4,833	-	-	-	-	100.0 %
Other infrastructure assets	Other	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	-	-	-	-	-	-	-	-	-	-
TOTAL - ALL ASSETS		-	-	-	-	209,417	291,010	-	-	-	-	100.0 %

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

Infrastructure asset condition assessment 'key'

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

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Narrandera Shire Council

Special Schedules 2019

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018	2017	Benchmark
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	2,806	66.81%	111.76%	-	>=100.00%
Depreciation, amortisation and impairment	4,200				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	-	-	0.84%	-	<2.00%
Net carrying amount of infrastructure assets	209,417				
Asset maintenance ratio					
Actual asset maintenance	-	∞	221.75%	-	>100.00%
Required asset maintenance	-				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	-	-	-	-	>0.00%
Gross replacement cost	291,010				

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

(1) Excludes Work In Progress (WIP)

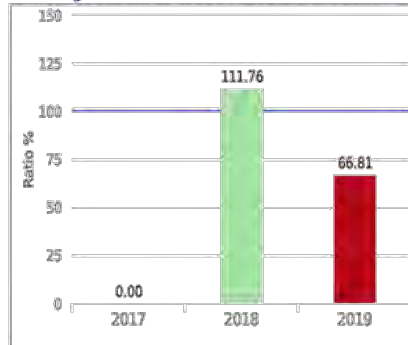
(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Narrandera Shire Council

Special Schedules 2019

Report on Infrastructure Assets (continued)
as at 30 June 2019

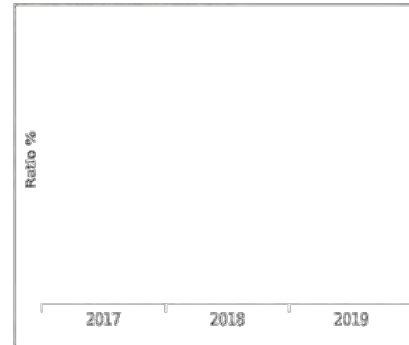
Buildings and infrastructure renewals ratio ¹



Infrastructure renewals ratio	Commentary on result
	18/19 ratio 66.81%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	

Benchmark: — $\geq 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

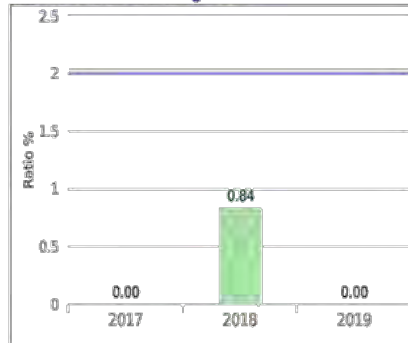
Asset maintenance ratio



Asset maintenance ratio	Commentary on result
	18/19 ratio 0.00%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	

Benchmark: — $> 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

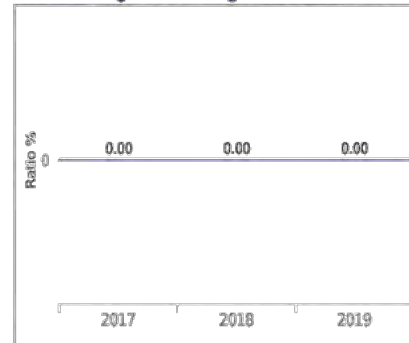
Infrastructure backlog ratio ¹



Infrastructure backlog ratio	Commentary on result
	18/19 ratio 0.00%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	

Benchmark: — $< 2.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	Commentary on result
	18/19 ratio 0.00%
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	

Benchmark: — $> 0.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

(1) Excludes Work In Progress (WIP)

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Narrandera Shire Council

Special Schedules 2019

Report on Infrastructure Assets (continued)
as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹							
Asset renewals	78.39%	102.79%	27.20%	59.96%	--	295.53%	>=100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard	--	0.46%	--	0.30%	--	4.90%	<2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	∞	274.93%	∞	133.11%	∞	151.02%	>100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	--	--	--	--	--	--	>0.00%
Gross replacement cost							

(¹) Excludes Work In Progress (WIP)