

Goulburn Mulwaree Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

“To serve the Community”



Goulburn Mulwaree Council

General Purpose Financial Statements

for the year ended 30 June 2018

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Overview

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

184-194 Bourke Street
Goulburn NSW 2580

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.goulburn.nsw.gov.au

Goulburn Mulwaree Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

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

Who uses the financial statements?

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

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

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

Goulburn Mulwaree Council

General Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

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

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

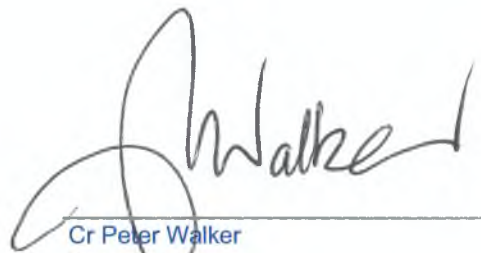
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

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 16 October 2018.



Cr Bob Kirk
Mayor
17 October 2018



Cr Peter Walker
Councillor
17 October 2018



Warwick Bennett
General Manager
17 October 2018



Brendan Hollands
Responsible Accounting Officer
17 October 2018

Goulburn Mulwaree Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
33,502	Rates and annual charges	3a	33,501	32,415
13,788	User charges and fees	3b	14,977	13,473
1,753	Interest and investment revenue	3c	2,442	2,821
840	Other revenues	3d	1,058	1,052
7,783	Grants and contributions provided for operating purposes	3e,f	11,983	14,135
16,709	Grants and contributions provided for capital purposes	3e,f	33,414	17,717
Other income:				
–	Fair value increment on investment property	11	–	177
74,375	Total income from continuing operations		97,375	81,790
Expenses from continuing operations				
23,295	Employee benefits and on-costs	4a	22,428	21,707
2,221	Borrowing costs	4b	2,217	2,431
9,265	Materials and contracts	4c	11,295	11,348
18,057	Depreciation and amortisation	4d	16,990	17,952
5,351	Other expenses	4e	4,979	5,413
–	Net losses from the disposal of assets	5	2,323	4,015
–	Fair value decrement on investment property	11	62	–
58,189	Total expenses from continuing operations		60,294	62,866
16,186	Operating result from continuing operations		37,081	18,924
16,186	Net operating result for the year		37,081	18,924
16,186	Net operating result attributable to Council		37,081	18,924
(523)	Net operating result for the year before grants and contributions provided for capital purposes		3,667	1,207

Goulburn Mulwaree Council

Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		37,081	18,924
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10a	20,421	(10,889)
Total items which will not be reclassified subsequently to the operating result		20,421	(10,889)
Total other comprehensive income for the year		20,421	(10,889)
Total comprehensive income for the year		57,502	8,035
Total comprehensive income attributable to Council		57,502	8,035

Goulburn Mulwaree Council

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	Restated 2017 ⁽¹⁾	Restated 1 July 2016 ⁽¹⁾
ASSETS				
Current assets				
Cash and cash equivalents	6a	5,971	6,697	5,637
Investments	6b	58,871	76,811	74,780
Receivables	7	7,615	9,719	4,702
Inventories	8	241	219	215
Other	8	420	338	256
Non-current assets classified as 'held for sale'	9	1,004	–	
Total current assets		74,122	93,784	85,590
Non-current assets				
Investments	6b	24,000	10,000	16,000
Receivables	7	97	136	186
Infrastructure, property, plant and equipment	10	958,902	907,349	899,652
Investment property	11	4,150	4,100	4,694
Total non-current assets		987,149	921,585	920,532
TOTAL ASSETS		1,061,271	1,015,369	1,006,122
LIABILITIES				
Current liabilities				
Payables	12	6,033	7,656	4,631
Income received in advance	12	1,301	1,269	1,194
Borrowings	12	1,629	1,891	2,024
Provisions	13	6,188	6,399	6,359
Total current liabilities		15,151	17,215	14,208
Non-current liabilities				
Borrowings	12	20,821	30,508	32,399
Provisions	13	6,969	6,818	6,722
Total non-current liabilities		27,790	37,326	39,121
TOTAL LIABILITIES		42,941	54,541	53,329
Net assets		1,018,330	960,828	952,793
EQUITY				
Accumulated surplus	14	369,334	332,253	316,277
Revaluation reserves	14	648,996	628,575	636,516
Total equity		1,018,330	960,828	952,793

¹ Please refer to note 14(b) for details of adjustments made for Prior Period Errors

Goulburn Mulwaree Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017		Restated Total equity
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Restated Accumulated surplus	Restated IPP&E revaluation reserve	
Opening balance		332,253	628,575	960,828	310,428	639,144	949,572
Correction of prior period errors	14 (b)	–	–	–	2,901	320	3,221
Restated opening balance		332,253	628,575	960,828	313,329	639,464	952,793
Net operating result for the year		37,081	–	37,081	18,924	–	18,924
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	10a	–	20,421	20,421	–	(10,889)	(10,889)
Other comprehensive income		–	20,421	20,421	–	(10,889)	(10,889)
Total comprehensive income (c&d)		37,081	20,421	57,502	18,924	(10,889)	8,035
Distributions to/(contributions from) non-controlling interests				–	–	–	–
Transfers between equity items				–	–	–	–
Equity – balance at end of the reporting period		369,334	648,996	1,018,330	332,253	628,575	960,828

Goulburn Mulwaree Council

Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Restated Actual 2017
Cash flows from operating activities				
Receipts:				
33,502	Rates and annual charges		33,492	32,357
13,788	User charges and fees		15,483	13,660
1,753	Investment and interest revenue received		2,635	2,875
24,492	Grants and contributions		32,338	19,829
–	Bonds, deposits and retention amounts received		420	110
840	Other		6,558	3,662
Payments:				
(23,295)	Employee benefits and on-costs		(22,443)	(23,154)
(9,265)	Materials and contracts		(14,559)	(11,416)
(2,221)	Borrowing costs		(2,222)	(2,347)
–	Bonds, deposits and retention amounts refunded		(269)	(55)
(6,278)	Other		(8,918)	(5,756)
33,316	Net cash provided (or used in) operating activities	15b	42,515	29,765
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		75,806	82,554
421	Sale of infrastructure, property, plant and equipment		412	451
Payments:				
–	Purchase of investment securities		(71,857)	(78,543)
–	Purchase of investment property		(112)	(132)
(54,880)	Purchase of infrastructure, property, plant and equipment		(37,541)	(31,011)
(54,459)	Net cash provided (or used in) investing activities		(33,292)	(26,681)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
(9,949)	Repayment of borrowings and advances		(9,949)	(2,024)
(9,949)	Net cash flow provided (used in) financing activities		(9,949)	(2,024)
(31,092)	Net increase/(decrease) in cash and cash equivalents		(726)	1,060
6,750	Plus: cash and cash equivalents – beginning of year	15a	6,697	5,637
(24,342)	Cash and cash equivalents – end of the year	15a	5,971	6,697
Additional Information:				
	plus: Investments on hand – end of year	6b	82,871	86,811
	Total cash, cash equivalents and investments		88,842	93,508

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

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Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 16/10/2018.

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.

Basis of preparation

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

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

Full dollars have been used in Note 24 Related party disclosures in relation to the disclosure of specific related party transactions.

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 21 – Material budget variations

and are clearly marked .

(a) New and amended standards adopted by Council

Council adopted the following Australian accounting standard amendments for these financial statements:

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This disclosure Initiative helps users of financial statements to better understand changes in an entity's debt.

Additional disclosures relating to changes in liabilities arising from financing activities (including both changes arising from cash flows and non-cash changes) have been incorporated in these financial statements at Note 12 (c).

(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.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

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 investment properties –refer Note 11,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10,
- (iii) estimated tip remediation provisions – refer Note 13,
- (iv) employee benefit provisions – refer Note 13.

Significant judgements in applying the Council's accounting policies

- (v) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in 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 other assets 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
- Domestic Waste Management Fund
- Water Supply Fund
- Sewerage Service Fund

(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 other assets 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 other assets subject to Council's control have been included in these reports.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

Trust monies and other assets held by Council but are not considered to be under the control of Council and therefore are excluded from these financial statements are reported on as part of Council's Annual Report.

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.

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

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

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

Council owns two shares in Southern phones which are currently recognised at cost as there is no active market to reliably measure their value. Under the new standard the Council will be required to obtain a fair value for these shares. Based on assessments to date, Council expects it will need to obtain a valuation of the company to assess the impact of this change.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Effective for annual reporting periods beginning on or after 1 July 2019

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	Restated 2017 (1)
Civic Leadership	26,019	27,778	11,135	9,303	14,884	18,475	5,227	7,297	52,405	63,473
Community	5,375	2,771	9,260	9,360	(3,885)	(6,589)	3,433	1,036	59,111	47,569
Economy	327	568	1,843	2,608	(1,516)	(2,040)	–	–	3,315	3,913
Environment	13,308	10,006	9,668	10,506	3,640	(500)	674	604	77,480	74,520
Infrastructure	52,346	40,667	28,388	31,089	23,958	9,578	10,543	6,753	868,960	822,673
Total functions and activities	97,375	81,790	60,294	62,866	37,081	18,924	19,877	15,690	1,061,271	1,015,369

¹ Please refer to note 14(b) for details of adjustments made for Prior Period Errors

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

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

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

Civic Leadership

Our Leadership - Council administration including executive management, Councillor expenses, human resources, financial services, organisational overheads and oncosts, information and technology, customer service and administrative support. Governance such as access to information, code of conduct, legal services, insurances and policies and procedures.

Community

Our Community - Community services and education, including development, youth services, aged and disabled services; Community amenities such as public cemeteries, public conveniences and street lighting; Recreation and cultural services including, public library, art gallery and museums, community halls, sporting grounds and venues, swimming pool, parks and gardens, and other sport and recreation.

Economy

Our Economy - Economic affairs including marketing, visitor information and events, strategic planning and property management.

Environment

Our Environment - Activities such as public health, noxious plants and animal control, solid waste management, street cleaning, drainage and stormwater management, other environmental protection activities.

Infrastructure

Our Infrastructure - Includes the following networks; sewerage services, water supplies, bridges, footpaths, parking areas, sealed and unsealed roads, urban street, rural and regional roads.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	12,385	11,986
Farmland	2,424	2,372
Business	4,418	4,342
Less: pensioner rebates (mandatory)	(448)	(469)
Total ordinary rates	18,779	18,231
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	3,453	3,155
Water supply services	2,228	2,229
Sewerage services	9,121	8,958
Waste management services (non-domestic)	362	293
Less: pensioner rebates (mandatory)	(442)	(451)
Total annual charges	14,722	14,184
TOTAL RATES AND ANNUAL CHARGES	33,501	32,415

Council has used 2017 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

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

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.

(b) User charges and fees			2018	2017
Specific user charges (per s.502 – specific 'actual use' charges)				
Water supply services		6,566	6,270	
Sewerage services		1,877	1,726	
Waste management services (non-domestic)		1,244	1,128	
Total specific user charges		9,687	9,124	
Other user charges and fees				
(i) Fees and charges – statutory and regulatory functions (per s.608)				
Planning and building regulation		1,392	979	
Private works – section 67		175	81	
Regulatory/ statutory fees		88	99	
Regulatory fees		27	–	
Section 149 certificates (EPA Act)		52	81	
Section 603 certificates		80	77	
Total fees and charges – statutory/regulatory		1,814	1,317	

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees (continued)		
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aged and disabled services	181	61
Cemeteries	289	251
Hire of council properties	89	67
Leaseback fees – Council vehicles	130	163
Library and art gallery	23	24
Septic tank registration fees	4	3
Sports stadium/recreation facilities	114	176
Swimming centres	599	404
Tourism and area promotion	3	54
Waste disposal tipping fees	1,841	1,595
Other	203	234
Total fees and charges – other	3,476	3,032
TOTAL USER CHARGES AND FEES	14,977	13,473
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		
– Overdue rates and annual charges (incl. special purpose rates)	76	83
– Cash and investments	2,357	2,713
Fair value adjustments		
– Fair valuation movements in investments (at fair value or held for trading)	6	22
– Fair valuation movements in investments (other)	4	4
Amortisation of premiums and discounts		
– ‘Held to maturity’ investments	(1)	(1)
TOTAL INTEREST AND INVESTMENT REVENUE	2,442	2,821
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	35	38
General Council cash and investments	648	851
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	165	137
– Section 64	209	197
Water fund operations	673	587
Sewerage fund operations	647	965
Domestic waste management operations	65	46
Total interest and investment revenue recognised	2,442	2,821
Accounting policy for interest and investment revenue		
Interest income is recognised using the effective interest rate at the date that interest is earned.		

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Other revenues			
Rental income – investment property	11	208	194
Rental income – other council properties		82	92
Fines – parking		26	61
Fines – other		2	2
Legal fees recovery – rates and charges (extra charges)		139	117
Commissions and agency fees		7	7
Insurance claim recoveries		2	–
Insurance rebates		108	158
Sales – general		323	251
Southern phone dividend		31	59
Tour groups		2	2
Gravel pit royalties		31	–
Other		97	109
<u>TOTAL OTHER REVENUE</u>		<u>1,058</u>	<u>1,052</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.

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

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

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

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance	4,944	7,016	–	–
Other				
Pensioners' rates subsidies – general component	242	263	–	–
Total general purpose	5,186	7,279	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	93	95	–	–
– Sewerage	90	92	–	–
– Domestic waste management	64	64	–	–
Water supplies	–	107	–	–
Sewerage services	–	–	6,000	2,000
Bushfire and emergency services	146	184	–	–
Community care	176	284	129	–
Economic development	30	–	–	–
Employment and training programs	12	9	–	–
Environmental protection	294	142	–	–
Heritage and cultural	101	108	394	49
Library – per capita	114	99	–	–
LIRS subsidy	88	111	–	–
Noxious weeds	109	98	–	–
Recreation and culture	33	14	2,258	296
Road safety initiatives	51	44	–	–
Street lighting	157	157	–	–
Transport (roads to recovery)	2,213	2,008	–	–
Transport (other roads and bridges funding)	–	967	2,139	1,483
Total specific purpose	3,771	4,583	10,920	3,828
Total grants	8,957	11,862	10,920	3,828
Grant revenue is attributable to:				
– Commonwealth funding	5,115	9,024	6,065	2,000
– State funding	3,795	2,817	4,855	1,814
– Other funding	47	21	–	14
	8,957	11,862	10,920	3,828

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		895	631	885	6,274
S 7.12 – fixed development consent levies		624	146	–	–
S 64 – water supply contributions		–	–	2,976	2,409
S 64 – sewerage service contributions		–	–	3,904	3,167
S 64 – stormwater contributions		–	–	(42)	1,777
Total developer contributions – cash		1,519	777	7,723	13,627
Non-cash contributions					
S 7.11 – contributions towards amenities/services		–	–	5,681	–
S 64 – water supply contributions		–	–	2,069	–
S 64 – sewerage service contributions		–	–	3,344	–
S 64 – stormwater contributions		–	–	3,391	–
Total developer contributions – non-cash		–	–	14,485	–
Total developer contributions	22	1,519	777	22,208	13,627
Other contributions:					
Cash contributions					
Diesel fuel rebate		104	112	–	–
Heritage/cultural		123	246	–	–
Other councils – joint works/services		17	21	–	–
Recreation and culture		–	30	20	–
Roads and bridges		–	2	–	–
RMS contributions (regional roads, block grant)		599	500	–	–
Veolia host fee		585	495	–	–
Water supplies (excl. section 64 contributions)		–	–	266	262
Other		79	90	–	–
Total other contributions – cash		1,507	1,496	286	262
Total other contributions – non-cash		–	–	–	–
Total other contributions		1,507	1,496	286	262
Total contributions		3,026	2,273	22,494	13,889
TOTAL GRANTS AND CONTRIBUTIONS		11,983	14,135	33,414	17,717

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

(f) Contributions (continued)

Accounting policy for contributions

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

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

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

\$ '000	2018	2017
(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	549	542
Add: operating grants recognised in the current period but not yet spent	435	257
Less: operating grants recognised in a previous reporting period now spent	(423)	(250)
Unexpended and held as restricted assets (operating grants)	561	549
Capital grants		
Unexpended at the close of the previous reporting period	1,223	586
Add: capital grants recognised in the current period but not yet spent	2,781	1,020
Less: capital grants recognised in a previous reporting period now spent	(969)	(383)
Unexpended and held as restricted assets (capital grants)	3,035	1,223
Contributions		
Unexpended at the close of the previous reporting period	16,031	12,243
Add: contributions recognised in the current period but not yet spent	9,273	5,148
Less: contributions recognised in a previous reporting period now spent	(8,308)	(1,360)
Unexpended and held as restricted assets (contributions)	16,996	16,031

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	Notes	2018	2017
(a) Employee benefits and on-costs			
Salaries and wages		18,192	17,323
Employee leave entitlements (ELE)		2,028	2,052
Superannuation		2,039	2,058
Workers' compensation insurance		665	768
Fringe benefit tax (FBT)		81	88
Payroll tax		143	140
Training costs (other than salaries and wages)		251	279
Protective clothing		94	100
Recruitment		137	86
Other		68	86
Total employee costs		23,698	22,980
Less: capitalised costs		(1,270)	(1,273)
TOTAL EMPLOYEE COSTS EXPENSED		22,428	21,707
Number of 'full-time equivalent' employees (FTE) at year end		267	273

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 17 for more information.

(b) Borrowing costs

(i) Interest bearing liability costs

Interest on loans		2,119	2,335
Total interest bearing liability costs expensed		2,119	2,335

(ii) Other borrowing costs

Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	13	98	96
Total other borrowing costs		98	96
TOTAL BORROWING COSTS EXPENSED		2,217	2,431

Accounting policy for borrowing costs

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	3,405	3,024
Contractor and consultancy costs	7,460	7,503
Auditors remuneration ⁽²⁾	77	50
Legal expenses:		
– Legal expenses: planning and development	118	490
– Legal expenses: debt recovery	146	118
– Legal expenses: other	86	163
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	3	–
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>11,295</u>	<u>11,348</u>

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:

Other	3	–
	<u>3</u>	<u>–</u>

2. Auditor remuneration

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

Non NSW Auditor-General audit firms:**Audit and other assurance services**

Audit and review of financial statements	77	50
Remuneration for audit and other assurance services	<u>77</u>	<u>50</u>
Total remuneration of non NSW Auditor-General audit firms	<u>77</u>	<u>50</u>
Total Auditor remuneration	<u>77</u>	<u>50</u>

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		958	964
Office equipment		521	481
Furniture and fittings		42	36
Land improvements (depreciable)		53	39
Infrastructure:			
– Buildings – non-specialised		1,345	1,316
– Other structures		153	109
– Roads		7,040	7,299
– Bridges		430	360
– Footpaths		186	147
– Stormwater drainage		904	897
– Water supply network		3,058	3,751
– Sewerage network		1,729	2,029
– Swimming pools		43	42
– Other open space/recreational assets		140	118
Other assets:			
– Library books		183	166
– Other		13	7
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	10 & 13	184	191
– Quarry assets	10 & 13	8	–
Total depreciation and amortisation costs		<u><u>16,990</u></u>	<u><u>17,952</u></u>

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(d) Depreciation, amortisation and impairment (continued)		
Impairment / revaluation decrement of IPP&E		
Nil		
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u>	<u>16,990</u>	<u>17,952</u>

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

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

Impairment of non-financial assets

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

Impairment of financial assets

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Advertising	204	247
Bank charges	169	163
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	17	53
– NSW fire brigade levy	110	106
– NSW rural fire service levy	309	301
Councillor expenses – mayoral fee	42	38
Councillor expenses – councillors' fees	174	169
Councillors' expenses (incl. mayor) – other (excluding fees above)	19	44
Donations, contributions and assistance to other organisations (Section 356)	360	263
Election expenses	–	165
Electricity and heating	1,050	1,087
Insurance	1,023	1,120
Postage	137	137
Printing and stationery	154	180
Street lighting	557	483
Subscriptions and publications	148	162
Telephone and communications	239	227
Valuation fees	134	117
Street lighting	–	254
Other	133	97
<u>TOTAL OTHER EXPENSES</u>	<u>4,979</u>	<u>5,413</u>

Accounting policy for other expenses

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Property (excl. investment property)	10		
Proceeds from disposal – property		–	8
Less: carrying amount of property assets sold/written off		(341)	(1,057)
Net gain/(loss) on disposal		(341)	(1,049)
Plant and equipment	10		
Proceeds from disposal – plant and equipment		412	443
Less: carrying amount of plant and equipment assets sold/written off		(206)	(172)
Net gain/(loss) on disposal		206	271
Infrastructure	10		
Less: carrying amount of infrastructure assets sold/written off		(2,188)	(3,254)
Net gain/(loss) on disposal		(2,188)	(3,254)
Financial assets ⁽¹⁾	6		
Proceeds from disposal/redemptions/maturities – financial assets		75,806	82,554
Less: carrying amount of financial assets sold/redeemed/matured		(75,806)	(82,537)
Net gain/(loss) on disposal		–	17
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(2,323)	(4,015)
1. Financial assets disposals/redemptions include:			
– Net gain/(loss) from financial instruments 'at fair value through profit and loss'		–	17
Net gain/(loss) on disposal of financial instruments		–	17

Accounting policy for disposal 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 derecognised.

Note 6(a). Cash and cash equivalent assets

Cash and cash equivalents			
Cash on hand and at bank		2,220	640
Cash-equivalent assets			
– Deposits at call		3,751	6,057
Total cash and cash equivalents		5,971	6,697

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Investments				
a. 'At fair value through the profit and loss'				
– 'Held for trading'	2,011	–	2,253	–
b. 'Held to maturity'	56,860	24,000	74,558	10,000
Total investments	58,871	24,000	76,811	10,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS				
	64,842	24,000	83,508	10,000
Financial assets at fair value through the profit and loss				
Equity linked notes	–	–	250	–
NCD's, FRN's (with maturities > 3 months)	2,011	–	2,003	–
Total	2,011	–	2,253	–
Held to maturity investments				
Long term deposits	56,852	24,000	74,550	10,000
Other long term financial assets	8	–	8	–
Total	56,860	24,000	74,558	10,000

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

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

Impairment of available for sale investments

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

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	64,842	24,000	83,508	10,000
attributable to:				
External restrictions (refer below)	44,295	24,000	58,418	10,000
Internal restrictions (refer below)	15,667	–	17,120	–
Unrestricted	4,880	–	7,970	–
	64,842	24,000	83,508	10,000

\$ '000	2018	2017
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans – water	938	938
Specific purpose unexpended loans – sewer	–	1,146
Employee leave entitlements – domestic waste	226	202
Employee leave entitlements – sewerage	717	571
Employee leave entitlements – water	534	732
External restrictions – included in liabilities	2,415	3,589

External restrictions – other

Developer contributions – general	6,150	6,593
Developer contributions – water fund	6,567	3,693
Developer contributions – sewer fund	4,279	5,745
Specific purpose unexpended grants	3,321	1,772
Water supplies	18,195	17,947
Water supplies – incomplete works	499	551
Sewerage services	14,625	12,581
Sewerage services – incomplete works	10,213	14,163
Domestic waste management	1,756	1,784
Specific purpose unexpended grants - DWM	275	–
External restrictions – other	65,880	64,829
Total external restrictions	68,295	68,418

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

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

\$ '000	2018	2017
Internal restrictions		
Plant and vehicle replacement	2,014	2,758
Employees leave entitlement	1,066	1,066
Asset management	145	126
Bridges	933	226
Buildings	189	482
Cemeteries	6	6
Collex/Veolia host fee	631	416
Community assistance scheme	286	377
Election reserve	40	–
Energy efficiency	5	43
Environment	873	953
Fife place foot	90	90
Financial Assistance Grant	2,504	2,387
Gallery	138	96
Insurance rebates	160	9
Library development	361	366
Local roads/infrastructure	1,854	1,958
Marulan hall	138	139
Museums	1,104	1,119
Outdoor pool renewal	373	1,089
Performing arts	452	452
Proceeds from land sales	–	441
Public entertainment venue	280	773
Risk management	139	261
Social plan	73	73
Special projects	129	318
Strategic planning	374	469
Technology	92	92
Tip replacement	188	188
Tourism	145	137
Training	158	156
Wetlands	–	1
Seiffert Oval Pavillion	400	–
Landscaped Areas	102	–
Wollondilly Walking Track	175	–
Other	50	53
Total internal restrictions	15,667	17,120
TOTAL RESTRICTIONS	83,962	85,538

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	920	86	881	116
Interest and extra charges	34	11	51	–
User charges and fees	973	–	968	20
Accrued revenues				
– Interest on investments	1,043	–	1,239	–
– Other income accruals	1,841	–	1,611	–
Government grants and subsidies	2,369	–	3,511	–
Net GST receivable	422	–	1,406	–
Other debtors	16	–	55	–
Total	7,618	97	9,722	136
Less: provision for impairment				
Other debtors	(3)	–	(3)	–
Total provision for impairment – receivables	(3)	–	(3)	–
TOTAL NET RECEIVABLES	7,615	97	9,719	136
Externally restricted receivables				
Water supply				
– Rates and availability charges	97	8	90	5
– Other	1,594	24	1,447	6
Sewerage services				
– Rates and availability charges	338	32	309	16
– Other	633	7	727	1
Domestic waste management	97	4	116	19
Total external restrictions	2,759	75	2,689	47
Unrestricted receivables	4,856	22	7,030	89
TOTAL NET RECEIVABLES	7,615	97	9,719	136

Movement in provision for impairment of receivables

	2018	2017
Balance at the beginning of the year	3	3
Balance at the end of the year	3	3

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

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 other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Impairment

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

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
Inventories at cost				
Stores and materials	238	–	215	–
Trading stock	3	–	4	–
Total inventories at cost	241	–	219	–
TOTAL INVENTORIES	241	–	219	–
(b) Other assets				
Prepayments	419	–	337	–
Other	1	–	1	–
TOTAL OTHER ASSETS	420	–	338	–
Externally restricted assets				
Sewerage				
Stores and materials	–	–	4	–
Trading stock	3	–	–	–
Total sewerage	3	–	4	–
Total externally restricted assets	3	–	4	–
Total unrestricted assets	658	–	553	–
TOTAL INVENTORIES AND OTHER ASSETS	661	–	557	–

Accounting policy**Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on 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.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Non-current assets classified as held for sale (and disposal groups)

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
(i) Non-current assets and disposal group assets				
Non-current assets 'held for sale'				
Land	855	–	–	–
Buildings	149	–	–	–
Total non-current assets 'held for sale'	1,004	–	–	–
TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'				
	1,004	–	–	–

(ii) Details of assets and disposal groups

Comprising of old Nursery and Depot in Dossie Street, property to be presented to market during 2019 financial year.

\$ '000	Assets 'held for sale'	
	2018	2017
(iii) Reconciliation of non-current assets 'held for sale'		
Opening balance	–	–
Plus new transfers in:		
– Assets 'held for sale'	1,004	–
Closing balance of 'held for sale' non-current assets and operations	1,004	–

Accounting policy for non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment property that are carried at fair value.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Goulburn Mulwaree Council

Notes to the Financial Statements
for the year ended 30 June 2018

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

Asset class	Restated as at 30/6/2017 (1)			Asset movements during the reporting period							as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Tfrs from/(to) 'held for sale' category	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	13,225	–	13,225	17,353	1,963	–	–	(3,710)	–	–	28,831	–	28,831
Plant and equipment	17,735	11,079	6,656	1,898	18	(197)	(958)	–	–	–	18,103	10,686	7,417
Office equipment	4,261	2,670	1,591	684	266	(9)	(521)	–	–	–	4,285	2,274	2,011
Furniture and fittings	1,142	844	298	56	74	–	(42)	–	–	–	1,263	877	386
Land:													
– Operational land	17,941	–	17,941	–	–	–	–	–	(855)	5,019	22,105	–	22,105
– Community land	18,859	–	18,859	–	–	–	–	–	–	–	18,859	–	18,859
– Land under roads (post 30/6/08)	83	–	83	–	–	–	–	–	–	–	83	–	83
Land improvements – depreciable	1,713	413	1,300	30	447	–	(53)	–	–	–	2,190	466	1,724
Infrastructure:													
– Buildings – non-specialised	78,086	45,555	32,531	625	724	(341)	(1,345)	2,413	(149)	9,520	82,987	39,009	43,978
– Other structures	4,843	1,517	3,326	297	177	–	(153)	–	–	–	5,318	1,671	3,647
– Roads	565,948	149,764	416,184	4,848	6,914	(1,624)	(7,040)	1,182	–	–	575,236	154,772	420,464
– Bridges	43,008	13,725	29,283	556	486	(4)	(430)	115	–	–	44,157	14,151	30,006
– Footpaths	14,545	2,424	12,121	15	1,472	(22)	(186)	–	–	–	16,006	2,606	13,400
– Stormwater drainage	91,603	29,233	62,370	24	3,366	–	(904)	–	–	–	94,994	30,138	64,856
– Water supply network	294,860	92,229	202,631	1,210	2,112	(181)	(3,058)	–	–	4,194	304,045	97,137	206,908
– Sewerage network	160,434	77,006	83,428	1,293	3,386	(357)	(1,729)	–	–	1,688	166,939	79,230	87,709
– Swimming pools	1,207	480	727	112	–	–	(43)	–	–	–	1,302	506	796
– Other open space/recreational assets	2,567	1,371	1,196	68	1,174	–	(140)	–	–	–	3,808	1,510	2,298
Other assets:													
– Library books	920	458	462	139	9	–	(183)	–	–	–	967	540	427
– Other	279	50	229	–	65	–	(13)	–	–	–	344	63	281
Reinstatement, rehabilitation and restoration assets (refer Note 13):													
– Tip assets	4,538	1,719	2,819	–	–	–	(184)	–	–	–	4,538	1,903	2,635
– Quarry assets	150	61	89	–	–	–	(8)	–	–	–	150	69	81
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	1,337,947	430,598	907,349	29,208	22,653	(2,735)	(16,990)	–	(1,004)	20,421	1,396,510	437,608	958,902

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

¹ Opening balances for Operating & Community Land include adjustments for Prior Period Errors - Refer Note 14(b) for details

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10(a). 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 Crown Lands and Water (CLAW).

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	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	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	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40		

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Accounting policy for infrastructure, property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

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 to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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 fire fighting 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 fire fighting equipment has been purchased or constructed*".

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	2018			Restated 2017 (1)		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
Plant and equipment	511	394	117	619	472	147
Office equipment	7	7	–	7	7	–
Furniture and fittings	4	4	–	4	4	–
Land						
– Operational land	2,137	–	2,137	1,289	–	1,289
– Improvements – depreciable	397	114	283	397	106	291
Buildings	1,310	923	387	905	788	117
Other structures	18	12	6	18	11	7
Infrastructure	304,045	97,137	206,908	294,860	92,229	202,631
Total water supply	308,429	98,591	209,838	298,099	93,617	204,482
Sewerage services						
WIP	23,118	–	23,118	8,728	–	8,728
Plant and equipment	356	299	57	356	287	69
Furniture and fittings	5	5	–	5	5	–
Land						
– Operational land	6,645	–	6,645	3,395	–	3,395
– Community land	143	–	143	143	–	143
Buildings	1,992	1,586	406	1,871	1,636	235
Other structures	35	23	12	35	22	13
Infrastructure	166,939	79,230	87,709	160,434	77,007	83,427
Total sewerage services	199,233	81,143	118,090	174,967	78,957	96,010
Domestic waste management						
Plant and equipment	8	8	–	231	231	–
Other structures	29	10	19	29	10	19
Total DWM	37	18	19	260	241	19
TOTAL RESTRICTED IPP&E	507,699	179,752	327,947	473,326	172,815	300,511

¹ Opening balances for Operating & Community Land include adjustments for Prior Period Errors - Refer Note 14(b) for details

Note 11. Investment property

\$ '000	2018	2017
(a) Investment property at fair value		
<u>Investment property on hand</u>	<u>4,150</u>	<u>4,100</u>
Reconciliation of annual movement:		
Opening balance	4,100	4,694
– Capitalised expenditure – this year	112	132
– Net gain/(loss) from fair value adjustments	(62)	177
– Other movements	–	(903)
CLOSING BALANCE – INVESTMENT PROPERTY	4,150	4,100

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Investment property (continued)

(b) Valuation basis

The basis of valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2018 revaluations were based on independent assessments made by: Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton. FAPI, Certified Practicing Valuer, Registered Valuer No. 2144.

(c) Contractual obligations at reporting date

Refer to Note 16 for disclosures relating to any capital and service obligations that have been contracted.

\$ '000	2018	2017
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(d) Leasing arrangements – Council as lessor

The investment property are leased to tenants under long-term operating leases with rentals payable monthly.

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

Within 1 year	215	205
Later than 1 year but less than 5 years	756	719
Later than 5 years	260	280
Total minimum lease payments receivable	1,231	1,204

(e) Investment property income and expenditure – summary

Rental income from investment property:

– Minimum lease payments	208	194
Net revenue contribution from investment property	208	194
plus:		
Fair value movement for year	(62)	177
Total income attributable to investment property	146	371

Accounting policy for investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment property are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

Goulburn Mulwaree Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 12. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	686	–	2,798	–
Goods and services – capital expenditure	708	–	873	–
Accrued expenses:				
– Borrowings	190	–	293	–
– Salaries and wages	581	–	253	–
– Other expenditure accruals	2,523	–	2,627	–
Security bonds, deposits and retentions	884	–	733	–
Subsidised scheme	36	–	36	–
Other	425	–	43	–
Total payables	6,033	–	7,656	–
Income received in advance				
Payments received in advance	1,301	–	1,269	–
Total income received in advance	1,301	–	1,269	–
Borrowings				
Loans – secured ¹	1,629	20,821	1,891	30,508
Total borrowings	1,629	20,821	1,891	30,508
TOTAL PAYABLES AND BORROWINGS	8,963	20,821	10,816	30,508

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	1,068	13,579	1,035	16,737
Sewer	611	3,941	882	9,186
Domestic waste management	29	–	7	–
Payables and borrowings relating to externally restricted assets	1,708	17,520	1,924	25,923
Total payables and borrowings relating to restricted assets	1,708	17,520	1,924	25,923
Total payables and borrowings relating to unrestricted assets	7,255	3,301	8,892	4,585
TOTAL PAYABLES AND BORROWINGS	8,963	20,821	10,816	30,508

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Payables and borrowings (continued)

\$ '000	2018	2017
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Payables – security bonds, deposits and retentions	705	593
	705	593

(c) Changes in liabilities arising from financing activities

Class of borrowings	2017		Non-cash changes			2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	32,399	(9,949)	–	–	–	22,450
TOTAL	32,399	(9,949)	–	–	–	22,450

\$ '000	2018	2017
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(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	110	110
Total financing arrangements	110	110

Undrawn facilities as at balance date:

– Credit cards/purchase cards	110	110
Total undrawn financing arrangements	110	110

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

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

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

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	1,760	–	1,794	–
Sick leave	59	–	56	–
Long service leave	4,347	330	4,535	277
Other leave	22	–	14	–
Sub-total – aggregate employee benefits	6,188	330	6,399	277
Asset remediation/restoration:				
Goulburn tip	–	6,341	–	6,247
Gravel pits	–	298	–	294
Sub-total – asset remediation/restoration	–	6,639	–	6,541
<u>TOTAL PROVISIONS</u>	<u>6,188</u>	<u>6,969</u>	<u>6,399</u>	<u>6,818</u>

(a) Provisions relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	675	42	698	34
Sewer	507	27	548	24
Domestic waste management	214	12	193	9
Provisions relating to externally restricted assets	1,396	81	1,439	67
Total provisions relating to restricted assets	1,396	81	1,439	67
Total provisions relating to unrestricted assets	4,792	6,888	4,960	6,751
TOTAL PROVISIONS	<u>6,188</u>	<u>6,969</u>	<u>6,399</u>	<u>6,818</u>

\$ '000	2018	2017
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(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	3,591	4,233
	3,591	4,233

Goulburn Mulwaree Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 13. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other leave	
At beginning of year	1,794	56	4,812	14	6,676
Additional provisions	1,307	3	388	7	1,705
Amounts used (payments)	(1,373)	(1)	(555)	–	(1,929)
Remeasurement effects	32	1	32	–	65
Total ELE provisions at end of year	1,760	59	4,677	22	6,518

2017	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other leave	
At beginning of year	1,753	59	4,817	7	6,636
Additional provisions	1,293	(3)	288	7	1,585
Amounts used (payments)	(1,287)	(1)	(364)	–	(1,652)
Remeasurement effects	35	1	71	–	107
Total ELE provisions at end of year	1,794	56	4,812	14	6,676

2018	Other provisions	
	Asset remediation	Total
At beginning of year	6,541	6,541
Changes to provision:		
Unwinding of discount	98	98
Total other provisions at end of year	6,639	6,639

2017	Other provisions	
	Asset remediation	Total
At beginning of year	6,445	6,445
Changes to provision:		
Unwinding of discount	96	96
Total other provisions at end of year	6,541	6,541

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Provisions (continued)

Nature and purpose of non-employee benefit provisions

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.

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

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

	<i>Provision \$000</i>	<i>Years to remediation</i>
<i>Goulburn Tip</i>	\$5,549	14
<i>Marulan Tip</i>	\$792	32
<i>Gravel Pits</i>	\$298	11

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Provisions (continued)

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

Rehabilitation

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000

(a) 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.

(b) Correction of errors relating to a previous reporting period

Nature of prior-period error

During 2018, council has conducted a comprehensive land audit on operational land and community land. During the audit, council has clarified the classification and ownership of council land. As a result, there are land identified that have not been previously recorded, also land that were duplicated in the last revaluation. For those land identified, council has identified a portion is due to the developer dedicated assets that have not been accounted for prior to 2016.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2016) and taking the adjustment through to accumulated surplus and revaluation reserves at that date. Comparatives have been changed to reflect the correction of errors.

Summary as below:

	Total \$(000)	General \$(000)	Water \$(000)	Sewer \$(000)
- operational land	526	1,762	(438)	(798)
- community land	2,695	2,552	-	143
	3,221	4,314	(438)	(655)

Impact on the equity as below:

- adjustment made to retained earnings (from developer dedicated land)	(2,901)	(2,758)	-	(143)
- adjustment made to asset revaluation reser	(320)	(1,556)	438	798
	(3,221)	(4,314)	438	655

The externally restricted water operational land has a restated balance as at 30 June 2017 of \$1,289k from \$1,727 k (a decrease of \$438k). Refer to note 10b.

The externally restricted sewer operational land has a restated balance as at 30 June 2017 of \$3,395k from \$4,193k (a decrease of \$798k). Refer to note 10b.

The externally restricted sewer community land has a restated balance as at 30 June 2017 of \$143k from a nil balance (a decrease of \$143k). Refer to note 10b.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000

(b) Correction of errors relating to a previous reporting period (continued)

Changes to the opening Statement of Financial Position at 1 July 2016

	Original Balance 1 July, 2016	Impact Increase/ (decrease)	Restated Balance 1 July, 2016
Statement of Financial Position			
Infrastructure, property, plant and equipment	896,431	3,221	899,652
	–	–	–
Total Assets	1,002,901	3,221	1,006,122
Total Liabilities	53,329	–	53,329
Retained earnings	310,428	2,901	313,329
Revaluation reserves	639,144	320	639,464
Total equity	949,572	3,221	952,793

Adjustments to the comparative figures for the year ended 30 June 2017

	Original Balance 30 June, 2017	Impact Increase/ (decrease)	Restated Balance 30 June, 2017
Statement of Financial Position			
Infrastructure, property, plant and equipment	904,128	3,221	907,349
Total assets	1,012,148	3,221	1,015,369
Total liabilities	54,541	–	54,541
Retained earnings	329,352	2,901	332,253
Revaluation reserves	628,255	320	628,575
	–	–	–
Total equity	957,607	3,221	960,828

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	5,971	6,697
Balance as per the Statement of Cash Flows		5,971	6,697
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		37,081	18,924
Adjust for non-cash items:			
Depreciation and amortisation		16,990	17,952
Net losses/(gains) on disposal of assets		2,323	4,015
Non-cash capital grants and contributions		(14,485)	(9,048)
Impairment losses recognition – investments		–	(4)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as ‘at fair value’ or ‘held for trading’		(10)	(22)
– investment property		62	(177)
Amortisation of premiums, discounts and prior period fair valuations			
– ‘Held to maturity’ financial assets		1	1
Unwinding of discount rates on reinstatement provisions		98	96
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		2,143	(4,967)
Decrease/(increase) in inventories		(22)	(4)
Decrease/(increase) in other assets		(82)	(82)
Increase/(decrease) in payables		(2,112)	1,015
Increase/(decrease) in accrued interest payable		(103)	(12)
Increase/(decrease) in other accrued expenses payable		224	1,877
Increase/(decrease) in other liabilities		565	161
Increase/(decrease) in employee leave entitlements		(158)	40
Increase/(decrease) in other provisions		–	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		42,515	29,765
(c) Non-cash investing and financing activities			
Developer contributions ‘in kind’		14,485	4,031
Other dedications		–	5,017
Total non-cash investing and financing activities		14,485	9,048

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Property, plant and equipment		
Buildings	901	1,308
Plant and equipment	387	580
Other structures	2,023	1,540
Roads infrastructure	2,871	670
Waste water infrastructure	3,322	17,511
Water infrastructure	708	–
Investment property		
– Buildings	114	–
Total commitments	10,326	21,609
These expenditures are payable as follows:		
Within the next year	10,326	21,609
Total payable	10,326	21,609
Sources for funding of capital commitments:		
Unrestricted general funds	2,682	1,190
Future grants and contributions	2,000	–
Unexpended grants	923	340
Externally restricted reserves	2,031	17,436
Internally restricted reserves	2,690	2,643
Total sources of funding	10,326	21,609

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets 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 participates in an employer-sponsored defined benefit superannuation scheme and makes contributions as determined by the superannuation scheme's trustees.

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

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

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

Future planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

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

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

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

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

(i) Defined benefit superannuation contribution plans (continued)

As stated 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.

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 entity.

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

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was \$ 421,837.59.

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is \$ 398,012.72

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

(i) Defined benefit superannuation contribution plans (continued)

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.

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around 0.45% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-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.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

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) Upper Lachlan Council asset transfers

In accordance with the proclamation by the Minister for Local Government on 7th September 2006, in the event of the sale of the former Mulwaree Shire Council administration building in Clinton Street, Goulburn, 'Upper Lachlan Council is to be reimbursed 24.22% of the net profit.'

(iv) Legal liabilities

Council has no known contingent liabilities re legal cases at this time.

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.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management

\$ '000

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.

	Carrying value		Fair value	
	2018	2017	2018	2017
Financial assets				
Cash and cash equivalents	5,971	6,697	5,971	6,697
Investments				
– 'Held for trading'	2,011	2,253	2,011	2,253
– 'Held to maturity'	80,860	84,558	80,860	84,558
Receivables	7,712	9,855	7,712	9,855
Total financial assets	96,554	103,363	96,554	103,363
Financial liabilities				
Payables	6,033	7,656	6,033	7,656
Loans/advances	22,450	32,399	22,450	32,399
Total financial liabilities	28,483	40,055	28,483	40,055

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 10% movement in market values	201	201	(201)	(201)
Possible impact of a 1% movement in interest rates	869	869	(869)	(869)
2017				
Possible impact of a 10% movement in market values	225	225	(225)	(225)
Possible impact of a 1% movement in interest rates	913	913	(913)	(913)

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

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

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

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

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

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	100%	100%	100%	65%
Overdue	0%	0%	0%	35%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
(ii) Ageing of receivables – value			2018	2017
Rates and annual charges				
Current			64	1
< 1 year overdue			705	636
1 – 2 years overdue			78	111
2 – 5 years overdue			82	104
> 5 years overdue			77	145
			<u>1,006</u>	<u>997</u>
Other receivables				
Current			6,156	6,205
0 – 30 days overdue			355	1,592
31 – 60 days overdue			92	11
61 – 90 days overdue			45	23
> 91 days overdue			61	1,030
			<u>6,709</u>	<u>8,861</u>

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
2018							
Trade/other payables		884	5,149	–	–	6,033	6,033
Loans and advances		–	1,629	6,201	14,620	22,450	22,450
Total financial liabilities		884	6,778	6,201	14,620	28,483	28,483
2017							
Trade/other payables	0.00%	733	6,923	–	–	7,656	7,656
Loans and advances	6.99%	–	1,891	6,471	24,037	32,399	32,399
Total financial liabilities		733	8,814	6,471	24,037	40,055	40,055

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 05 June 2018 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the 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.

Note that for variations* of budget to actual :

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

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

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
REVENUES					
Rates and annual charges	33,502	33,501	(1)	(0%)	U
User charges and fees	13,788	14,977	1,189	9%	F
Interest and investment revenue	1,753	2,442	689	39%	F
Council maintains a conservative approach to budgeting for revenues from investments.					
Other revenues	840	1,058	218	26%	F
Council is generally conservative with its estimation of its revenues. This is partly the reason for this variation. There was also water sales from Council's standpipes totalling just over \$70k that was not budgetted for as part of the originally adopted budget.					
Operating grants and contributions	7,783	11,983	4,200	54%	F
This variation is primarily due to a number of operating grants that were awarded to Council during the year including a waste grant of \$275k. Council also received grant funding for flood damage repairs totalling approximately \$1.5M for works undertaken both in 2016/17 and 2017/18. S94 (maintenance) contributions from local quarries also exceeded the original budget estimate by \$645k.					
Capital grants and contributions	16,709	33,414	16,705	100%	F
This variation is primarily due to the bringing to account developer contributed assets as a result of released subdivisions during the year. Council does not historically budget for these non-cash items. Council also received higher than anticipated s94/64 contributions (cash) during the year.					

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	23,295	22,428	867	4%	F
Borrowing costs	2,221	2,217	4	0%	F
Materials and contracts	9,265	11,295	(2,030)	(22%)	U
While a number of maintenance projects in the Operations area were overspent in terms of contracts & materials, two of the major items in this variation is the inclusion of the 2017/18 component of the flood damage works (\$750k) and \$240k that was transferred from the roads resealing program to maintenance by resolution of Council.					
Depreciation and amortisation	18,057	16,990	1,067	6%	F
Other expenses	5,351	4,979	372	7%	F
Net losses from disposal of assets	-	2,323	(2,323)	0%	U
Council does not generally budget for the profit or loss from asset disposals. This variation is largely due to the writing off of land assets identified as part of Council's land audit process that were no longer in Council's ownership or were duplicated in our records.					
Fair value decrement on investment property	-	62	(62)	0%	U
Council does not generally budget for the movement in value of our investment properties.					
Budget variations relating to Council's Cash Flow Statement include:					
Cash flows from operating activities	33,316	42,515	9,199	27.6%	F
This variation is primarily due to new grant revenues received during the financial year and also a much higher than anticipated level of developer contributions received during the year.					
Cash flows from investing activities	(54,459)	(33,292)	21,167	(38.9%)	F
This variation is due to a number of major capital works projects that were deferred by Council during the year including the Performing Arts Centre construction, aquatic centre construction and the May Street bridge replacement, amongst others.					
Cash flows from financing activities	(9,949)	(9,949)	-	0.0%	F

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment – Investment property – Financial assets

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

– Non-current assets classified as 'held for sale'

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

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

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

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

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

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

2018	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					
– 'Held for trading'	30/06/18	–	–	2,011	2,011
Total financial assets		–	–	2,011	2,011
Investment property					
Investment property	30/06/18	–	–	4,150	4,150
Total investment property		–	–	4,150	4,150
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/18	–	–	7,417	7,417
Office equipment	30/06/18	–	–	2,011	2,011
Furniture and fittings	30/06/18	–	–	386	386
Operational land	30/06/18	–	–	22,105	22,105
Community land	30/06/18	–	–	18,801	18,801
Land under roads (post 30/6/08)	30/06/18	–	–	83	83
Land improvements – depreciable	30/06/18	–	–	1,724	1,724
Buildings – non-specialised	30/06/18	–	–	43,978	43,978
Other structures	30/06/18	–	–	3,647	3,647
Roads	30/06/18	–	–	420,464	420,464
Bridges	30/06/18	–	–	30,006	30,006
Footpaths	30/06/18	–	–	13,400	13,400
Stormwater drainage	30/06/18	–	–	64,856	64,856
Water supply network	30/06/18	–	–	206,908	206,908
Sewerage network	30/06/18	–	–	87,709	87,709
Recreation and Open Space	30/06/18	–	–	2,298	2,298
Swimming Pools	30/06/18	–	–	796	796
Library books	30/06/18	–	–	427	427
Other	30/06/18	–	–	281	281
Tip assets	30/06/18	–	–	2,635	2,635
Quarry assets	30/06/18	–	–	81	81
Total infrastructure, property, plant and equipment		–	–	930,013	930,013

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

2018	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	
Non-recurring fair value measurements					
Non-current assets classified as 'held for sale'					
Land held for sale	30/06/18	–	–	855	855
Buildings held for sale	30/06/18	–	–	149	149
Total NCA's classified as 'held for sale'		–	–	1,004	1,004
2017 (Restated) (1)					
Recurring fair value measurements					
Financial assets					
Investments					
– 'Held for trading'	30/06/17	–	–	2,253	2,253
Total financial assets		–	–	2,253	2,253
Investment property					
Investment property	30/06/17	–	–	4,100	4,100
Total investment property		–	–	4,100	4,100
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/17	–	–	6,656	6,656
Office equipment	30/06/17	–	–	1,591	1,591
Furniture and fittings	30/06/17	–	–	298	298
Operational land	30/06/17	–	–	17,941	17,941
Community land	30/06/17	–	–	18,859	18,859
Land under roads (post 30/6/08)	30/06/17	–	–	83	83
Land improvements – depreciable	30/06/17	–	–	1,300	1,300
Buildings – non-specialised	30/06/17	–	–	32,531	32,531
Other structures	30/06/17	–	–	3,326	3,326
Roads	30/06/17	–	–	416,184	416,184
Bridges	30/06/17	–	–	29,284	29,284
Footpaths	30/06/17	–	–	12,121	12,121
Stormwater drainage	30/06/17	–	–	62,371	62,371
Water supply network	30/06/17	–	–	202,631	202,631
Sewerage network	30/06/17	–	–	83,428	83,428
Recreation and Open Space	30/06/17	–	–	1,196	1,196
Swimming Pools	30/06/17	–	–	727	727
Library books	30/06/17	–	–	462	462
Other	30/06/17	–	–	229	229
Tip assets	30/06/17	–	–	2,819	2,819
Quarry assets	30/06/17	–	–	89	89
Total infrastructure, property, plant and equipment		–	–	894,126	894,126

¹ Opening balances for Operating & Community Land include adjustments for Prior Period Errors - Refer Note 14(b) for details

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

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

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Investments - At fair value through profit or loss are represented by Lehman Property Note and Elders Rural Bank Fixed Rate Transf. Deposits. The best evidence of fair value is the current price in an active market for similar assets. The market for the aforementioned investments, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited "price discovery" in the market. At this stage, opportunistic bid for Lehman Property Note would be 6 cents per unit and Elders Rural Bank Fixed Rate Transf. Deposits would be 100 cents per unit respectively.

Investment Properties

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 2 of the hierarchy. The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2017 the valuation of the investment property was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. There has been no change to the valuation process during the reporting period.

Property, Plant & Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings 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 and Equipment: Trucks, tractors, ride-on mowers, street sweepers, earthmoving equipment and motor vehicles
- Office Equipment: Refrigerators, electronic whiteboards, flat-screen monitors and computer equipment.
- Furniture & Fittings: Chairs, desks and display systems

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

valuation was undertaken at 30 June 2013 and was performed by Liquid Pacific Holding Pty Ltd, Martin Stansfeld Burns, Chartered Valuer.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land are based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. While Community Land has been re-valued as at 30 June 2017 in line with the Valuer General, there has been no change to the valuation process during the reporting period.

Land under Roads

Council has elected to recognise Land under Roads where the road was acquired on or after 30/06/2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Land Improvements - Depreciable

This asset class comprises land improvements such as spectator mounds, swales, berms, gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. 'Land Improvements' were valued in-house using the cost approach by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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.

Buildings – Non Specialised

Buildings – Non Specialised were valued by Liquid Pacific Holding Pty Ltd, Martin Stansfeld Burns, Chartered Valuer, in June 2013 using a combination of sales comparison approach, income capitalisation approach and cost approach. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

During the financial year Council completed the construction of Multi-purpose Venue in Goulburn Recreation Area. This building was valued in-house using the cost approach by experienced Council engineers and asset management staff. There has been no change to the valuation process during the reporting period.

Other Structure

This asset class comprises Boardwalks, Viewing platforms, Floodlighting Systems, Irrigation System, Pedestrian Bridges and Retaining Walls, Monuments, Statues, Fences, Wash bays, Cemetery walls and beams. Cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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

This asset class comprises the Road Carriageway, Kerb and Gutter, Signs, and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. Cost Approach using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road infrastructures were carried out by .

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Bridges

Bridges were valued by, using the cost approach. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails Inputs such as estimates of residual value and pattern of consumption 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.

Footpaths

Footpaths were valued, using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. 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. The Level of componentisation adopted by Council is in accordance with DLG Circular 09-09. Inputs such as estimates of

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Water Supply Network

Water Supply and Sewerage infrastructure assets were re-valued at fair value as at 30 June 2017. These assets are indexed each year in line with the Reference Rates Manual as published by the NSW Office of Water. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition. This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets (such as estimates of pattern of consumption, residual value, asset condition and useful life), that require significant professional judgement and are therefore unobservable. There has been no change to the valuation process during the reporting period.

Recreation and Open Space

This asset class comprises of Playground equipment, BBQ's, Shade shelters and Outdoor fitness facilities. These assets may be located on parks, reserves and also within road reserves. 'Recreation and Open Space' assets were valued in-house using the cost approach by experienced Council engineers and asset management staff. These assets have been transferred from other 'Depreciable Land' and 'Other Structures' at 30 June 2016. Cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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.

Swimming Pool

This asset class comprises of Swimming pools only, it does not include related plant and equipment, buildings other structures and car parks. 'Swimming Pool' assets were valued in-house using the cost approach by experienced Council engineers and asset management staff. These assets have been transferred from 'Other Structures' at 30 June 2016. Cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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.

Library Books

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. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

Other Assets

Assets within this class comprise of all assets not classified elsewhere such as artwork. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition. 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.

Reinstatement, Rehabilitation & Restoration Assets - Tips & Quarries

Council owns and manages tips and quarries in its local government area, and it has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site. Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

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

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
Opening balance – 1/7/16	6,061	1,440	259	17,756	25,516
Purchases (GBV)	1,718	633	75	185	2,611
Disposals (WDV)	(172)	–	–	–	(172)
Depreciation and impairment	(964)	(482)	(36)	–	(1,482)
Other movement (Tfr from WIP)	13	–	–	–	13
Closing balance – 30/6/17	6,656	1,591	298	17,941	26,486
Purchases (GBV)	1,916	950	130	–	2,996
Disposals (WDV)	(197)	(9)	–	–	(206)
Depreciation and impairment	(958)	(521)	(42)	–	(1,521)
Other movement (transfer to held for sale)	–	–	–	(855)	(855)
Revaluation increments to Equity	–	–	–	5,019	5,019
Closing balance – 30/6/18	7,417	2,011	386	22,105	31,919

	Community land	Land under roads	Land improve -ment	Buildings specialised	Total
Opening balance – 1/7/16	18,117	67	910	–	19,094
Purchases (GBV)	–	15	367	–	382
Disposals (WDV)	(1,051)	–	–	–	(1,051)
Depreciation and impairment	–	–	(39)	–	(39)
Other movement (Tfr from WIP)	11	–	62	–	73
Revaluation increments to equity	1,782	–	–	–	1,782
Closing balance – 30/6/17	18,859	82	1,300	–	20,241
Purchases (GBV)	–	–	477	–	477
Depreciation and impairment	–	–	(53)	–	(53)
Closing balance – 30/6/18	18,859	82	1,724	–	20,665

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

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

	Buildings non specialised	Other structures	Roads	Bridges	Total
Opening balance – 1/7/16	32,485	2,276	416,768	22,365	473,894
Purchases (GBV)	450	1,075	9,284	2,887	13,696
Disposals (WDV)	(3)	–	(3,136)	(24)	(3,163)
Depreciation and impairment	(1,316)	(109)	(7,299)	(360)	(9,084)
Other movement (Tfr from WIP)	12	84	567	4,415	5,078
Other movement (Tfr from investment property)	903	–	–	–	903
Closing balance – 30/6/17	32,531	3,326	416,184	29,283	481,324
Purchases (GBV)	1,349	474	11,762	1,042	14,627
Disposals (WDV)	(341)	–	(1,625)	(4)	(1,970)
Depreciation and impairment	(1,345)	(153)	(7,039)	(430)	(8,967)
Other movement (transfer to held for sale)	(149)	–	–	–	(149)
Revaluation increments to Equity	9,520	–	–	–	9,520
Other movement (Tfr from WIP)	2,413	–	1,182	115	3,710
Closing balance – 30/6/18	43,978	3,647	420,464	30,006	498,095

	Footpaths	Stormwater drainage	Water supply network	Sewerage network	Total
Opening balance – 1/7/16	8,767	62,201	213,158	86,017	370,143
Purchases (GBV)	3,479	1,067	3,128	2,209	9,883
Disposals (WDV)	(94)	–	–	–	(94)
Depreciation and impairment	(147)	(897)	(3,752)	(2,030)	(6,826)
Other movement (Tfr from WIP)	116	–	–	–	116
Revaluation decrements to Equity	–	–	(9,903)	(2,768)	(12,671)
Closing balance – 30/6/17	12,121	62,371	202,631	83,428	360,551
Purchases (GBV)	1,487	3,389	3,322	4,679	12,877
Disposals (WDV)	(22)	–	(181)	(357)	(560)
Depreciation and impairment	(186)	(904)	(3,060)	(1,729)	(5,879)
Revaluation increments to Equity	–	–	4,194	1,688	5,882
Closing balance – 30/6/18	13,400	64,856	206,906	87,709	372,871

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

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

	Recreation and open space	Swimming pools	Library books	Other assets	Total
Opening balance – 1/7/16	1,073	769	495	141	2,478
Purchases (GBV)	209	–	133	95	437
Disposals (WDV)	(3)	–	–	–	(3)
Depreciation and impairment	(118)	(42)	(166)	(7)	(333)
Other movement (Tfr from WIP)	35	–	–	–	35
Closing balance – 30/6/17	1,196	727	462	229	2,614
Purchases (GBV)	1,242	112	148	65	1,567
Depreciation and impairment	(140)	(43)	(183)	(13)	(379)
Closing balance – 30/6/18	2,298	796	427	281	3,802

	Tip Assets	Quarry Assets	Investment at fair value	Investment properties	Total
Opening balance – 1/7/16	3,003	96	2,235	4,694	10,028
Transfers from/(to) another asset class	–	–	–	(903)	(903)
Purchases (GBV)	–	–	–	132	132
Depreciation and impairment	(184)	(7)	–	–	(191)
FV gains – Income Statement ¹	–	–	22	177	199
Other movement (details here)	–	–	(4)	–	(4)
Closing balance – 30/6/17	2,819	89	2,253	4,100	9,261
Purchases (GBV)	–	–	–	112	112
Depreciation and impairment	(184)	(8)	–	–	(192)
FV gains – Income Statement ¹	–	–	6	(62)	(56)
Other movement (transfer to held for sale)	–	–	–	–	–
Revaluation increments to Equity	–	–	–	–	–
Revaluation decrements to Equity	–	–	–	–	–
Other movement (details here)	–	–	(248)	–	(248)
Closing balance – 30/6/18	2,635	81	2,011	4,150	8,877

	NCA Held for Sale	Total
Closing balance – 30/6/17	–	–
Transfers from/(to) another asset class	1,004	1,004
Closing balance – 30/6/18	1,004	1,004

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

b. 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.

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Financial assets			
At Fair Value through Profit or Loss	2,011	Level 3	Unit price
Investment property			
Investment Property	4,150	Level 3	Rental yield and price per hectare
IPP&E			
Operational Land	22,105	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life • Residual value
Community Land	18,859	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life • Residual value
Land under Roads (post 30/6/08)	83	Level 3	<ul style="list-style-type: none"> • Unimproved capital value (price per square metre)
Land Improvements - depreciable	1,724	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Buildings - Non Specialised	43,978	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Other Structures	3,647	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Roads	420,464	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

Goulburn Mulwaree Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

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

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
IPP&E (continued)			
Bridges	30,006	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Footpaths	13,400	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Stormwater Drainage	64,856	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Water Supply Network	206,908	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Sewerage Network	87,709	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Recreation and Open Space	2,298	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Swimming Pools	796	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Library Books	427	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Other	281	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

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

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
IPP&E (continued)			
Tip Assets	2,635	Level 3	<ul style="list-style-type: none"> • Discount Rate • CPI
Quarry Assets	81	Level 3	<ul style="list-style-type: none"> • Discount Rate • CPI
Plant and Equipment	7,417	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Office Equipment	2,011	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Furniture and Fittings	386	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Non-current assets classified as 'held for sale'			
2 Dossie Street	1,004	Level 3	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

(5). Highest and best use

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions

\$ '000

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:

Compensation:	2018	2017
Short-term benefits	1,079	1,181
Post-employment benefits	90	92
Other long-term benefits	–	1
Termination benefits	142	–
Total	1,311	1,274

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties

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

Nature of the transaction		Value of transactions during year	Outstanding balance	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
		Actual \$	Actual \$		Actual \$	Actual \$
	Ref		(incl. loans and commitments)			
2018						
Supply of Recycling Contract	1	312,570	27,065	30 days	—	—
Supply of plant and road construction	2	4,970,252	469,835	30 days	—	—
Council employee wages	3	462,711	—	Award wages	—	—
Commercial Waste	4	242,972	7,650	30 days	—	—
Advertising	5	1,500	—	30 days	—	—
Donation	6	19,983	—	Donation policy	—	—
Donation - Fee waiver	7	2,148	—	Donation policy	—	—
Architecture and design	8	2,690	—	30 days	—	—
Tipping Fees	9	60	—	30 days	—	—
Development application fee	10	11,079	—	30 days	—	—
Hire of Sporting Facilites	11	2,148	—	30 days	—	—

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties (continued)

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
2017						
Supply of Recycling contract	1	292,000	25,000	30 days	—	—
Supply of plant and road construction	2	5,419,000	605,000	30 days	—	—
Council employee wages	3	267,000	—	Award wages	—	—
Commercial Waste	4	238,000	8,000	30 days	—	—
Tipping Fees	5	1,170	—	30 days	—	—
Donation	6	6,000	—	Donation policy	—	—
Donation - Fee waiver	7	2,000	—	Donation policy	—	—
Hire of Council facilities	8	2,000	—	30 days	—	—
Deveoplement Application fees	9	11,000	—	On application	—	—
Architecture and design	10	7,000	—	30 days	—	—

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties (continued)

Current year details

- 1 Council has appointed its recycling contact to a company of which a Councillor is a board member, the Councillor has declared his involvement and is excluded from all meetings.
- 2 Council engages two local company for various plant hire and road making activities. The company directors are a related party to a Councillor, the Councillor has declared an interest and follow the code of conduct. All contracts are awarded through the tender process.
- 3 Four members of Council staff are related parties to KMP and Councillors. The interest is declared
- 4 Council provides a debtor account for the purposes of a commercial waste service related parties of Councillors. Interest has been declared and all fees are charged. Payment terms are 30 days.
- 5 Councils Visitor Information Centre produces and distributes a Goulburn Destination Guide in which one of the Councillor's has advertising of her local business. This is charged as per adopted fees and charges. Payment terms are 30 days.
- 6 Council provided a donations/sponsorship to several community groups where Councillors are related parties. Interest had been declared and payments made through executive donations procedure.
- 7 Council provided a donation to a charity group equal to the value of the Council facility hire fee. Interest was declared and payment was made through executive donations procedure.
- 8 Council has hire facilities to related parties during the year. All charges are per the adopted fees and charges, where debtor accounts are provided 30 day payment terms are in place unless payment is required upon booking
- 9 Council provides a debtor account at the waste management centre to business of related parties of Councillors. Interest has been declared and all fees as per adopted fees and charges. Payment terms are 30 days
- 10 Council has received a development application where a Councillor is a member of the organisation. Interest has been declared.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties (continued)

Prior year details

- 1 Council has appointed its recycling contact to a company of which a Councillor is a board member, the Councillor has declared his involvement and is excluded from all meetings.
- 2 Council engages two local company for various plant hire and road making activities. The company directors are a related party to a Councillor, the Councillor has declared an interest and follow the code of conduct. All contracts are awarded through the tender process.
- 3 Four members of Council staff are related parties to KMP and Councillors. The interest is declared.
- 4 Council provides a debtor account for the purposes of a commercial waste service related parties of Councillors. Interest has been declared and all fees are charged as per adopted fees and charges. Payment terms are 30 days.
- 5 Council provides a debtor account at the waste management centre to business of related parties of Councillors. Interest has been declared and all fees as per adopted fees and charges. Payment terms are 30 days.
- 6 Council provided a donations/sponsorship to several community groups where Councillors are related parties. Interest had been declared and payments made through executive donations.
- 7 Council provided a donation to a charity group equal to the value of the Council facility hire fee. Interest was declared and payment was made through executive donations
- 8 Council has hire facilities to related parties during the year. All aharges are per the adopted fees and charges, where debtor accounts are provided 30 day payments are in place unless paymnet is is required upon booking.
- 9 Council has received a development application where related parties to Councillors are employees. Interest has been declared.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions

\$ '000

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

PURPOSE	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)
		Cash	Non-cash					
Drainage	2,444	684	323	50	(828)	–	2,350	–
Roads	11	104	1,090	1	–	–	116	–
Traffic facilities	(1,412)	644	–	9	(497)	–	(1,256)	–
Open space	928	256	–	16	(100)	–	1,100	–
Community facilities	46	5	–	1	–	–	52	–
Urban and civic improvements	15	1	–	1	–	–	17	–
Rural addressing	60	4	–	1	–	–	65	–
Rural waste	349	7	–	6	(68)	–	294	–
Other	147	32	–	3	(28)	–	154	–
S7.11 contributions – under a plan	2,588	1,737	1,413	88	(1,521)	–	2,892	–
S7.12 levies – under a plan	1,642	624	–	32	(975)	–	1,323	–
Total S7.11 and S7.12 revenue under plans	4,230	2,361	1,413	120	(2,496)	–	4,215	–
S7.11 not under plans	2,364	895	7,658	45	(475)	–	2,829	–
S64 contributions	9,437	5,986	5,414	209	(5,680)	–	9,952	–
Total contributions	16,031	9,242	14,485	374	(8,651)	–	16,996	–

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - New Mulwaree Plan

PURPOSE	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)
		Cash	Non-cash					
Drainage	69	29	–	2	–	–	100	
Roads	11	104	–	1	–	–	116	
Open space	68	2	–	1	–	–	71	
Community facilities	–	1	–	–	–	–	1	
Urban and civic improvements	15	1	–	1	–	–	17	
Rural addressing	59	4	–	1	–	–	64	
Rural waste	43	7	–	6	–	–	56	
Other	147	32	–	3	(28)	–	154	
Total	412	180	–	15	(28)	–	579	–

CONTRIBUTION PLAN - Old Mulwaree Plan

PURPOSE	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)
		Cash	Non-cash					
Rural addressing	1	–	–	–	–	–	1	
Rural waste	306	–	–	–	(68)	–	238	
Total	307	–	–	–	(68)	–	239	–

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - New Goulburn Citywide Plan

PURPOSE	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)
		Cash	Non-cash					
Drainage	689	337	82	14	(108)	–	932	
Traffic facilities	356	22	–	6	(263)	–	121	
Open space	29	23	–	1	–	–	53	
Community facilities	46	4	–	1	–	–	51	
Total	1,120	386	82	22	(371)	–	1,157	–

CONTRIBUTION PLAN - Marys Mount

PURPOSE	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)
		Cash	Non-cash					
Drainage	1,381	309	–	26	(720)	–	996	
Traffic facilities	(706)	343	–	–	(120)	–	(483)	
Open space	816	231	–	14	(100)	–	961	
Total	1,491	883	–	40	(940)	–	1,474	–

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - Ducks Lane

PURPOSE	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)
		Cash	Non-cash					
Drainage	111	–	–	2	–	–	113	
Traffic facilities	(1,171)	35	–	–	(114)	–	(1,250)	
Total	(1,060)	35	–	2	(114)	–	(1,137)	–

CONTRIBUTION PLAN - Clyde Street

PURPOSE	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)
		Cash	Non-cash					
Drainage	139	–	241	3	–	–	142	
Roads	–	–	1,090	–	–	–	–	
Traffic facilities	48	243	–	3	–	–	294	
Open space	5	–	–	–	–	–	5	
Total	192	243	1,331	6	–	–	441	–

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - Common Street

PURPOSE	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)
		Cash	Non-cash					
Drainage	53	9	–	3	–	–	65	
Traffic facilities	61	1	–	–	–	–	62	
Open space	10	–	–	–	–	–	10	
Total	124	10	–	3	–	–	137	–

CONTRIBUTION PLAN NUMBER - Marulan

PURPOSE	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)
		Cash	Non-cash					
Drainage	2	–	–	–	–	–	2	
Total	2	–	–	–	–	–	2	–

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.12 LEVIES – UNDER A PLAN

CONTRIBUTION PLAN - S94A Levies

PURPOSE	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)
		Cash	Non-cash					
Roads	1,642	624	–	32	(975)	–	1,323	
Total	1,642	624	–	32	(975)	–	1,323	–

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	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)
		Cash	Non-cash					
Drainage	–	–	3,068	–	–	–	–	
Roads	2,364	895	4,590	45	(475)	–	2,829	
Total	2,364	895	7,658	45	(475)	–	2,829	–

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	2,240	8,961	22,300
User charges and fees	7,322	1,968	5,687
Interest and investment revenue	745	784	913
Other revenues	101	134	823
Grants and contributions provided for operating purposes	93	90	11,800
Grants and contributions provided for capital purposes	5,283	13,277	14,854
Total income from continuing operations	15,784	25,214	56,377
Expenses from continuing operations			
Employee benefits and on-costs	1,619	1,710	19,099
Borrowing costs	1,187	652	378
Materials and contracts	3,183	2,333	5,779
Depreciation and amortisation	3,115	1,759	12,116
Other expenses	307	314	4,358
Net losses from the disposal of assets	160	357	1,806
Fair value decrement on investment property	–	–	62
Total expenses from continuing operations	9,571	7,125	43,598
Operating result from continuing operations	6,213	18,089	12,779
Net operating result attributable to each council fund	6,213	18,089	12,779
Net operating result for the year before grants and contributions provided for capital purposes	930	4,812	(2,075)

¹ General fund refers to all Council's activities other than Water and Sewer.

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

Goulburn Mulwaree Council

Notes to the Financial Statements

as at 30 June 2018

Note 23. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	1,797	2,005	2,169
Investments	17,714	19,770	21,387
Receivables	1,691	971	4,953
Inventories	–	3	238
Other	–	–	420
Non-current assets classified as 'held for sale'	–	–	1,004
Total current assets	21,202	22,749	30,171
Non-current assets			
Investments	7,222	8,059	8,719
Receivables	32	39	26
Infrastructure, property, plant and equipment	209,838	118,090	630,974
Investment property	–	–	4,150
Total non-current assets	217,092	126,188	643,869
TOTAL ASSETS	238,294	148,937	674,040
LIABILITIES			
Current liabilities			
Payables	611	116	5,306
Income received in advance	–	–	1,301
Borrowings	457	495	677
Provisions	675	507	5,006
Total current liabilities	1,743	1,118	12,290
Non-current liabilities			
Payables	–	–	–
Borrowings	13,579	3,941	3,301
Provisions	42	27	6,900
Total non-current liabilities	13,621	3,968	10,201
TOTAL LIABILITIES	15,364	5,086	22,491
Net assets	222,930	143,851	651,549
EQUITY			
Accumulated surplus	83,521	88,007	197,806
Revaluation reserves	139,409	55,844	453,743
Total equity	222,930	143,851	651,549

¹ General Fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods 2017	Prior periods 2016	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>6,042</u>	9.45%	7.86%	6.20%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>63,951</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>51,968</u>	53.37%	60.96%	70.84%	> 60.00%
Total continuing operating revenue ⁽¹⁾	<u>97,365</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>27,065</u>	3.49x	3.56x	4.94x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>7,751</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>25,249</u>	2.08x	5.70x	5.38x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>12,166</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>1,051</u>	3.02%	3.12%	2.99%	< 10% regional & rural
Rates, annual and extra charges collectible	<u>34,764</u>				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>86,823</u>	17.85 mths	24.5 mths	26.5 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<u>4,863</u>				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Notes 12 and 13.

⁽⁴⁾ Refer to Note 12(b) and 13(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	0.08%	-0.35%	10.87%	2.96%	40.46%	40.74%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	52.71%	54.31%	65.94%	77.15%	46.99%	69.25%	> 60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾	3.49x	3.62x	7.86x	10.53x	16.52x	17.33x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)							

Notes

(1) - (4) Refer to Notes at Note 24a above.

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

Goulburn Mulwaree Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	7.52x	11.26x	1.26x	3.01x	1.18x	4.89x	> 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	2.45%	2.78%	4.65%	4.31%	4.12%	3.70%	< 10% regional & rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	17.07	23.08	0.00	0.00	0.00	0.00	> 3 months
Monthly payments from cash flow of operating and financing activities	months	months	months	months	months	months	

Notes

(1) Refer to Notes at Note 24a above.

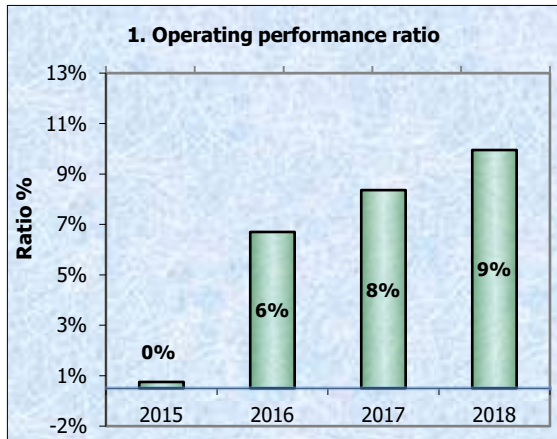
(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

END OF AUDITED FINANCIAL STATEMENTS

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 24(c). Statement of performance measures – consolidated results (graphs)



Purpose of operating performance ratio

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



Commentary on 2017/18 result

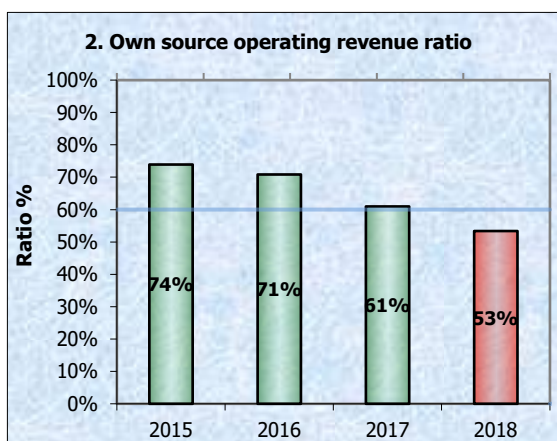
2017/18 ratio 9.45%

This ratio has remained predominantly the same as last year mainly due to a consistent effort to reduce operational expenditure without reducing services

Benchmark: ——— Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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



Commentary on 2017/18 result

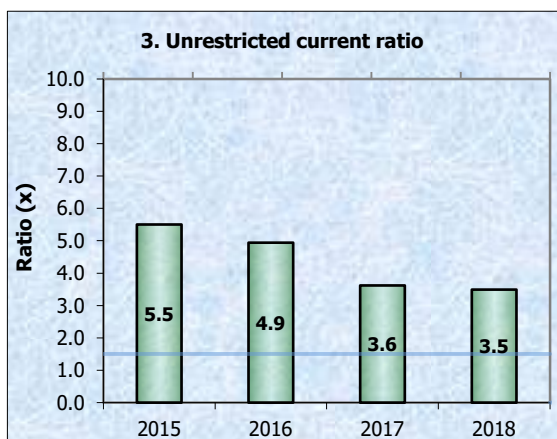
2017/18 ratio 53.37%

This ratio has been impacted this year due to the number of capital grants and capital contributions (both cash and in-kind) Council received

Benchmark: ——— Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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



Commentary on 2017/18 result

2017/18 ratio 3.49x

This ratio still continues to be relatively high. The slight drop is due to a number of capital projects drawing on unrestricted cash

Benchmark: ——— Minimum ≥ 1.50

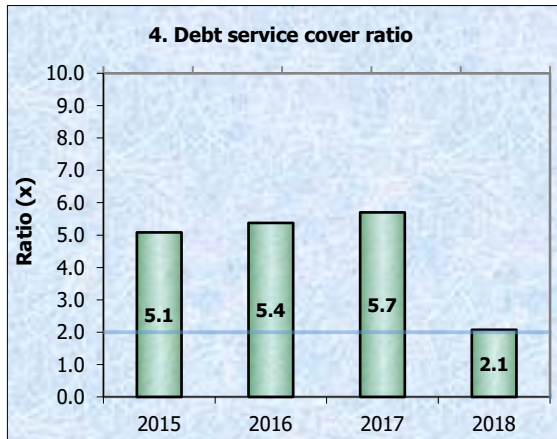
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

 Ratio achieves benchmark
 Ratio is outside benchmark

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 24(c). Statement of performance measures – consolidated results (graphs)



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 2017/18 result

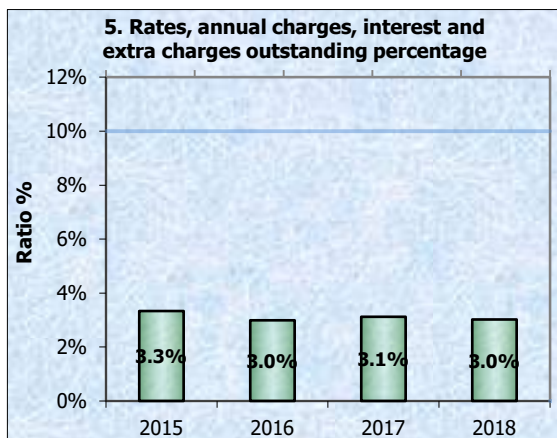
2017/18 ratio 2.08x

Council has undertaken minimal borrowing over the past 4 years and during this time has paid out a number of loans. The sharp drop this year is due to two loans being paid out early instead of refinancing. Both these loans related to the Water and Sewer Funds of Council

Benchmark: Minimum >=2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2017/18 result

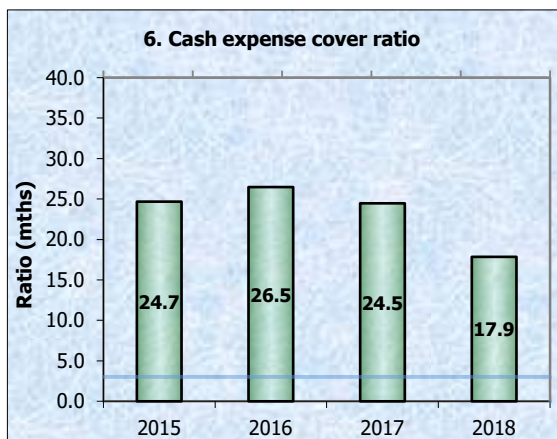
2017/18 ratio 3.02%

Council has continued the consistent application of its debt recovery policy whilst being mindful of its rating hardship policy

Benchmark: Maximum <10.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 2017/18 result

2017/18 ratio 17.85 mths

This ratio still remains high although has reduced slightly mainly due to the replacement of the Waste Water Treatment Plant which is a large project that demands large payments to contractors at each stage

Benchmark: Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark

Goulburn Mulwaree Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 25. Council information and contact details

Principal place of business:

184-194 Bourke Street
Goulburn NSW 2580

Contact details

Mailing address:

Locked Bag 22
Goulburn NSW 2580

Opening hours:

8:30am - 5:00pm
Monday - Friday

Telephone: 02 4823 4444

Facsimile: 02 4823 4456

Internet: www.goulburn.nsw.gov.au

Email: council@goulburn.nsw.gov.au

Officers

GENERAL MANAGER

Warwick Bennett

Elected members

MAYOR

Cr Bob Kirk

RESPONSIBLE ACCOUNTING OFFICER

Brendan Hollands

AUDITORS

Audit office of NSW
15/1 Margaret Street
Sydney NSW 2000



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial report
Goulburn Mulwaree Council

To the Councillors of Goulburn Mulwaree Council

Opinion

I have audited the accompanying financial report of Goulburn Mulwaree Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:


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

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

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

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read "David Nolan", with a long horizontal flourish extending to the right.

David Nolan
Director, Financial Audit Services

31 October 2018
SYDNEY

Cr Bob Kirk
Mayor
Goulburn Mulwaree Council
Locked Bag 22
GOULBURN NSW 2580

Contact: David Nolan
Phone no: 02 9275 7377
Our ref: D1826793/1731

31 October 2018

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Goulburn Mulwaree Council**





I have audited the general purpose financial statements of Goulburn Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2018	2017	Variance
	\$m	\$m	%
Rates and annual charges revenue	33.5	32.4	 3.4
Grants and contributions revenue	45.4	31.9	 42.3
Operating result for the year	37.1	18.9	 96.3
Net operating result before capital amounts	3.7	1.2	 208

Council's operating result (\$37.1 million including the effect of depreciation expense of \$16.9 million) was \$18.2 million higher than the 2016–17 result. The increase from the previous year is mainly due to increase in receipts from capital grants and contributions.

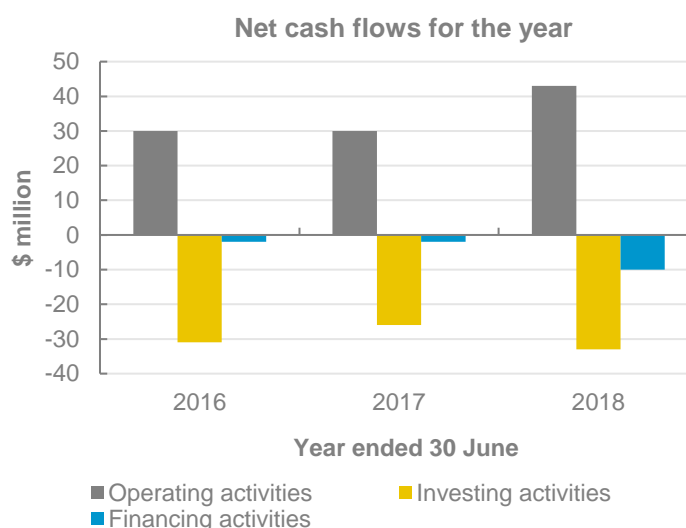
The net operating result before capital grants and contributions (\$3.7 million) was \$2.5 million higher than the 2016–17 result due to decreased operating expenditure.

Rates and annual charges revenue (\$33.5 million) increased by \$1.1 million (3.4 per cent) in 2017–2018.

Grants and contributions revenue (\$45.4 million) increased by \$13.5 million (42.3 per cent) in 2017–2018 due to the recognition of contributed assets from developers valued at \$14.5 million.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$0.7 million to \$6.0 million at the close of the year.



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	68.3	68.4	• External restrictions include unspent specific purpose grants, contributions and domestic waste charges, and water and sewerage funds.
Internal restrictions	15.7	17.1	
Unrestricted	4.9	8.0	• Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Cash and investments	88.9	93.5	

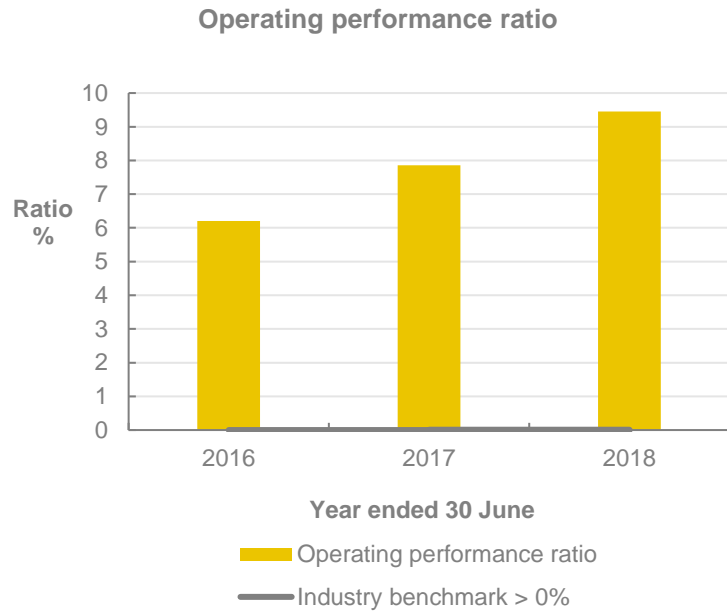
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 24 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

Operating performance ratio

- The indicator of 9.5 per cent was above the industry benchmark.
- The variance from the previous year is due to the improved operating result before capital revenue.

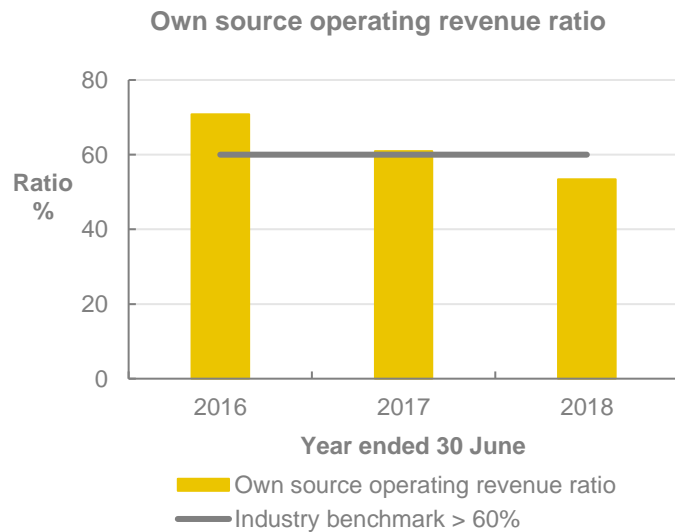
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

- Council's own source operating revenue ratio of 53.4 per cent was below the industry benchmark.
- This ratio fluctuates with movements in grants and contributions.

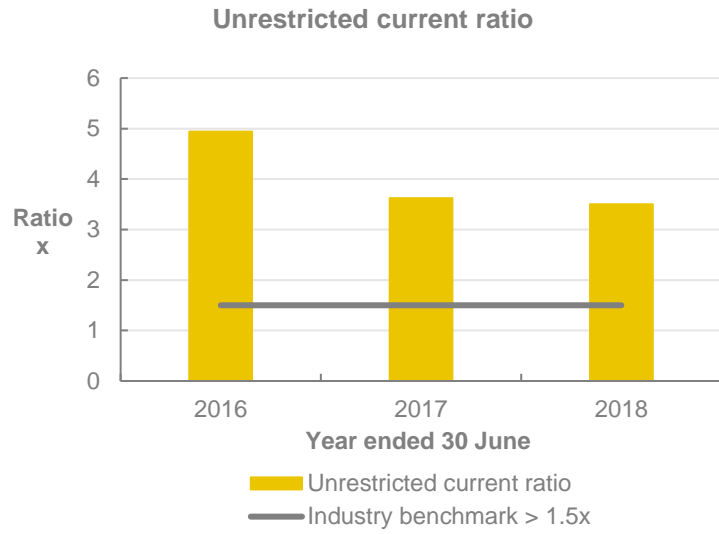
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- This ratio indicated that Council currently had 3.49 times of unrestricted assets available to service every one dollar of its unrestricted current liabilities. This exceeded the industry benchmark.

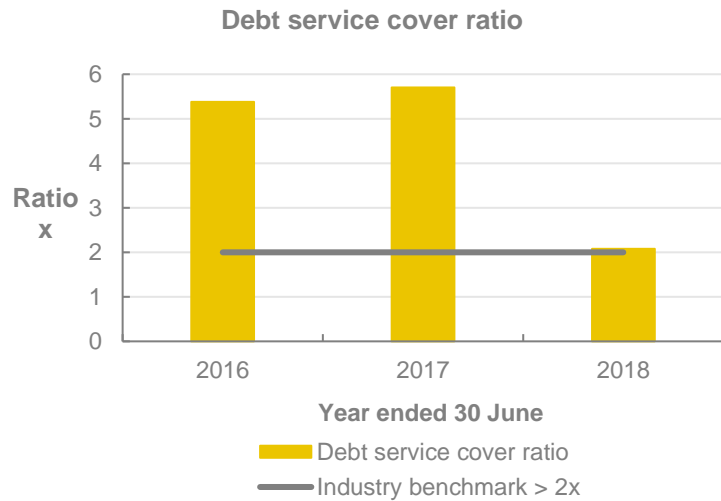
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- The debt service cover ratio of 2.08 times exceeded the industry benchmark.
- The variance from the previous year is due to the repayment of \$9.9 million of borrowings.

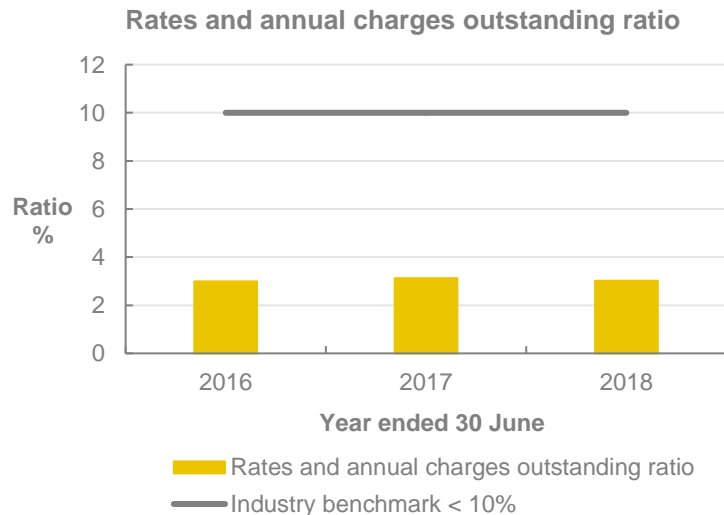
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- Council's outstanding rates and charges ratio of 3.02 per cent was within the industry benchmark.

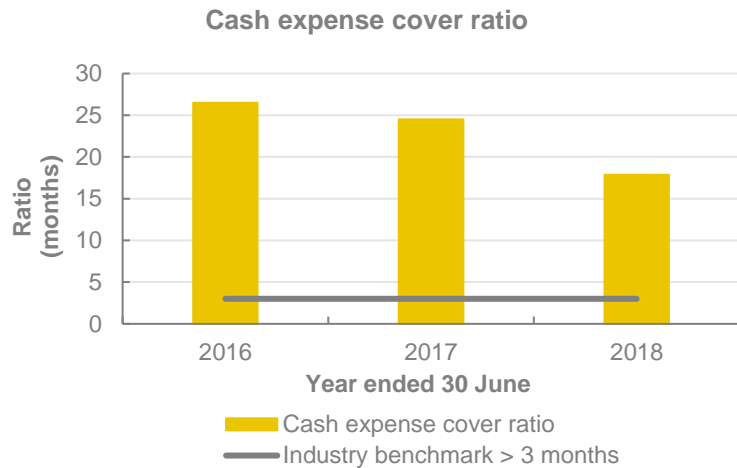
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

- Council's cash expense cover ratio of 17.85 months well exceeded the industry benchmark.

This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

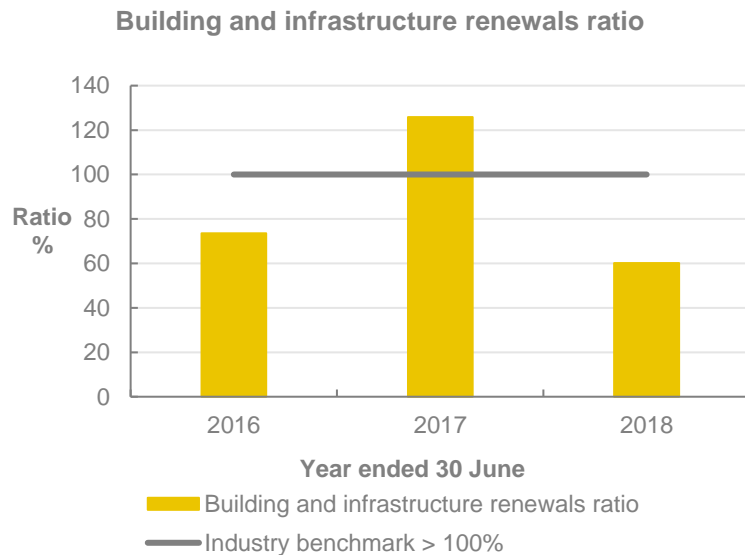


Building and infrastructure renewals ratio (unaudited)

- Council's building and infrastructure renewals ratio of 60.21 per cent was below the industry benchmark.
- The reduction is due to Council's capital works program for 2017–18 providing for more new assets compared to last year.

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from council's Special Schedule 7 which has not been audited.



OTHER MATTERS

Prior Years Adjustment to Operational and Community Land

Following a comprehensive land audit, Council recognised a net increment of \$3.221 million, of previously unrecorded operational and community land, as a prior period error. A restated Statement of Financial Position as at 30 June 2016 and 2017 as well as appropriate notes and references explaining the adjustments were included in the Statements.

New accounting standards implemented

AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 12(c).

Legislative compliance

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

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



David Nolan
Director, Financial Audit Services

cc: Mr Warwick Bennett, General Manager
Mr Tim Hurst, Chief Executive of the Office of Local Government

Goulburn Mulwaree Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

“To serve the Community”



Goulburn Mulwaree Council

Special Purpose Financial Statements

for the year ended 30 June 2018

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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).
-

Goulburn Mulwaree Council

Special Purpose Financial Statements for the year ended 30 June 2018

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 financial 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.

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 16 October 2018.



Cr Bob Kirk
Mayor
17 October 2018



Cr Peter Walker
Councillor
17 October 2018



Warwick Bennett
General manager
17 October 2018



Brendan Hollands
Responsible accounting officer
17 October 2018

Goulburn Mulwaree Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	Restated 2017
Income from continuing operations		
Access charges	2,240	2,186
User charges	7,217	6,689
Fees	105	76
Interest	745	657
Grants and contributions provided for non-capital purposes	93	202
Profit from the sale of assets	–	20
Other income	101	54
Total income from continuing operations	10,501	9,884
Expenses from continuing operations		
Employee benefits and on-costs	1,619	1,479
Borrowing costs	1,187	1,258
Materials and contracts	3,183	2,862
Depreciation, amortisation and impairment	3,115	3,825
Loss on sale of assets	160	–
Other expenses	307	312
Total expenses from continuing operations	9,571	9,736
Surplus (deficit) from continuing operations before capital amounts	930	148
Grants and contributions provided for capital purposes	5,283	2,665
Surplus (deficit) from continuing operations after capital amounts	6,213	2,813
Surplus (deficit) from all operations before tax	6,213	2,813
Less: corporate taxation equivalent (30%) [based on result before capital]	(279)	(44)
SURPLUS (DEFICIT) AFTER TAX	5,934	2,769
Plus opening retained profits	77,308	74,495
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	279	44
Closing retained profits	83,521	77,308
Return on capital %	1.0%	0.7%
Subsidy from Council	3,402	3,471
Calculation of dividend payable:		
Surplus (deficit) after tax	5,934	2,769
Less: capital grants and contributions (excluding developer contributions)	(2,306)	(1,058)
Surplus for dividend calculation purposes	3,628	1,711
Potential dividend calculated from surplus	1,814	855

Goulburn Mulwaree Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	Restated 2017
Income from continuing operations		
Access charges	8,961	8,792
User charges	1,555	1,482
Liquid trade waste charges	322	295
Fees	91	23
Interest	784	1,092
Grants and contributions provided for non-capital purposes	90	92
Profit from the sale of assets	–	38
Other income	134	132
Total income from continuing operations	11,937	11,946
Expenses from continuing operations		
Employee benefits and on-costs	1,710	1,662
Borrowing costs	652	760
Materials and contracts	2,333	2,244
Depreciation, amortisation and impairment	1,759	2,075
Loss on sale of assets	357	–
Other expenses	314	342
Total expenses from continuing operations	7,125	7,083
Surplus (deficit) from continuing operations before capital amounts	4,812	4,863
Grants and contributions provided for capital purposes	13,277	5,172
Surplus (deficit) from continuing operations after capital amounts	18,089	10,035
Surplus (deficit) from all operations before tax	18,089	10,035
Less: corporate taxation equivalent (30%) [based on result before capital]	(1,444)	(1,459)
SURPLUS (DEFICIT) AFTER TAX	16,645	8,576
Plus opening retained profits	69,918	59,883
Plus/less: prior period adjustments		–
Plus/less: other adjustments (details here...)		–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	1,444	1,459
Less:		
– Tax equivalent dividend paid		–
– Surplus dividend paid		–
Closing retained profits	88,007	69,918
Return on capital %	4.6%	5.9%
Calculation of dividend payable:		
Surplus (deficit) after tax	16,645	8,576
Less: capital grants and contributions (excluding developer contributions)	(9,528)	(2,924)
Surplus for dividend calculation purposes	7,117	5,652
Potential dividend calculated from surplus	3,559	2,826

Goulburn Mulwaree Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Domestic Waste Management		Commercial Waste	
	Category 2		Category 2	
\$ '000	2018	2017	2018	2017
Income from continuing operations				
Access charges	3,459	3,161	–	–
User charges	–	–	1,246	1,128
Interest	65	46	–	–
Grants and contributions provided for non-capital purposes	338	64	–	–
Profit from the sale of assets	18	–	–	–
Other income	50	24	–	–
Total income from continuing operations	3,930	3,295	1,246	1,128
Expenses from continuing operations				
Employee benefits and on-costs	697	607	208	339
Materials and contracts	2,922	2,805	981	1,034
Depreciation, amortisation and impairment	1	1	6	3
Other expenses	118	121	2	1
Total expenses from continuing operations	3,738	3,534	1,197	1,377
Surplus (deficit) from continuing operations before capital amounts	192	(239)	49	(249)
Surplus (deficit) from continuing operations after capital amounts	192	(239)	49	(249)
Surplus (deficit) from all operations before tax	192	(239)	49	(249)
Less: corporate taxation equivalent (30%) [based on result before capital]	(58)	–	(15)	–
SURPLUS (DEFICIT) AFTER TAX	134	(239)	34	(249)
Plus opening retained profits	1,930	2,169	499	974
Plus/less: prior period adjustments	–	–	–	(226)
Plus adjustments for amounts unpaid:				
– Corporate taxation equivalent	58	–	15	–
Closing retained profits	2,122	1,930	548	499
Return on capital %	1010.5%	-1257.9%	65.3%	-444.6%
Subsidy from Council	–	239	–	250

Goulburn Mulwaree Council

Statement of Financial Position – Council's Water Supply Business Activity

as at 30 June 2018

\$ '000	2018	Restated (1) 2017
ASSETS		
Current assets		
Cash and cash equivalents	1,797	2,007
Investments	17,714	19,337
Receivables	1,691	1,537
Total current assets	21,202	22,881
Non-current assets		
Investments	7,222	2,517
Receivables	32	11
Infrastructure, property, plant and equipment	209,838	204,482
Total non-current assets	217,092	207,010
TOTAL ASSETS	238,294	229,891
LIABILITIES		
Current liabilities		
Payables	611	586
Borrowings	457	449
Provisions	675	698
Total current liabilities	1,743	1,733
Non-current liabilities		
Borrowings	13,579	16,737
Provisions	42	34
Total non-current liabilities	13,621	16,771
TOTAL LIABILITIES	15,364	18,504
NET ASSETS	222,930	211,387
EQUITY		
Accumulated surplus	83,521	77,308
Revaluation reserves	139,409	134,079
TOTAL EQUITY	222,930	211,387

¹ Comparative balance for IPP&E includes adjustments for Prior Period Errors - Refer Note 10(b) and 14(b) of the GPFS for details

Goulburn Mulwaree Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2018

\$ '000	2018	Restated (1) 2017
ASSETS		
Current assets		
Cash and cash equivalents	2,005	3,169
Investments	19,770	27,462
Receivables	971	1,036
Inventories	3	4
Total current Assets	22,749	31,671
Non-current assets		
Investments	8,059	3,575
Receivables	39	17
Infrastructure, property, plant and equipment	118,090	96,010
Total non-current assets	126,188	99,602
TOTAL ASSETS	148,937	131,273
LIABILITIES		
Current liabilities		
Payables	116	121
Borrowings	495	761
Provisions	507	548
Total current liabilities	1,118	1,430
Non-current liabilities		
Borrowings	3,941	9,186
Provisions	27	24
Total non-current liabilities	3,968	9,210
TOTAL LIABILITIES	5,086	10,640
NET ASSETS	143,851	120,633
EQUITY		
Accumulated surplus	88,007	69,918
Revaluation reserves	55,844	50,715
TOTAL EQUITY	143,851	120,633

¹ Comparative balance for IPP&E includes adjustments for Prior Period Errors - Refer Note 10(b) and 14(b) of the GPFS for details

Goulburn Mulwaree Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

\$ '000	Domestic Waste Management Category 2		Commercial Waste Category 2	
	2018	2017	2018	2017
ASSETS				
Current assets				
Cash and cash equivalents	152	148	–	–
Investments	1,495	1,626	–	–
Receivables	97	116	473	443
Total Current Assets	1,744	1,890	473	443
Non-current assets				
Investments	610	212	–	–
Receivables	4	18	–	–
Infrastructure, property, plant and equipment	19	19	75	56
Total non-current assets	633	249	75	56
TOTAL ASSETS	2,377	2,139	548	499
LIABILITIES				
Current liabilities				
Payables	29	7	–	–
Provisions	214	193	–	–
Total current liabilities	243	200	–	–
Non-current liabilities				
Provisions	12	9	–	–
Total non-current liabilities	12	9	–	–
TOTAL LIABILITIES	255	209	–	–
NET ASSETS	2,122	1,930	548	499
EQUITY				
Accumulated surplus	2,122	1,930	548	499
TOTAL EQUITY	2,122	1,930	548	499

Goulburn Mulwaree Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2	Water Supply Business Best-Practice Management disclosure requirements	14
3	Sewerage Business Best-Practice Management disclosure requirements	16

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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, 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. Water Supply

Provide potable water for the Local Government Area.

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

b. Sewerage Services

Provide waste water services for the Local Government Area.

Category 2

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

a. Domestic Waste Management

Collection and disposal of domestic waste in accordance with section 504 of the Local Government Act.

b. Commercial Waste

Collection and disposal of commercial waste on a user pays basis.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Department of Primary Industries Water (DPIW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(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%**

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

In accordance with DPIW, 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.

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

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.

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’.

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

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 2.63% at 30/6/18.

(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:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 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.

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	-
(ii)	Number of assessments multiplied by \$3/assessment	34,209
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	1,814,000
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	342,090
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	6,365,200

2018 Surplus	3,628,000	2017 Surplus	1,710,600	2016 Surplus	1,026,600
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	342,090
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	15,055
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	73.45%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	209,721
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	4,729
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	3,327
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	3.44%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	-
(ii)	Number of assessments multiplied by \$3/assessment	32,826
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	3,558,700
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	328,260
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	16,729,900

2018 Surplus	7,117,400	2017 Surplus	5,652,100	2016 Surplus	3,960,400
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	328,260
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(iii)	Complete performance reporting form (by 15 September each year)	YES
(iv)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	18,449
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	118,032
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	3,934
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	19,223
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	10.80%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	6,000

**National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)**

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	32,987
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.55%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	22,550
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	6.09%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

Goulburn Mulwaree Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-10.39%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		58
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	18,302
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	183

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial report
Goulburn Mulwaree Council

To the Councillors of Goulburn Mulwaree Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Goulburn Mulwaree Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- Domestic Waste Management
- Commercial Waste

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

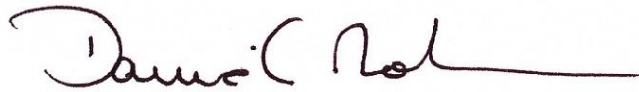
- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read "David Nolan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David Nolan
Director, Financial Audit Services

31 October 2018
SYDNEY

Goulburn Mulwaree Council

SPECIAL SCHEDULES
for the year ended 30 June 2018

“To serve the Community”



Goulburn Mulwaree Council

Special Schedules

for the year ended 30 June 2018

Contents

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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Goulburn Mulwaree Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,140	–	–	(1,140)
Administration	9,995	1,343	28	(8,624)
Public order and safety				
Fire service levy, fire protection, emergency services	723	146	4	(573)
Beach control	–	–	–	–
Enforcement of local government regulations	66	46	–	(20)
Animal control	407	88	3	(316)
Other	129	75	–	(54)
Total public order and safety	1,325	355	7	(963)
Health	659	69	–	(590)
Environment				
Noxious plants and insect/vermin control	205	115	–	(90)
Other environmental protection	–	–	–	–
Solid waste management	3,939	7,244	26	3,331
Street cleaning	431	–	–	(431)
Drainage	–	–	–	–
Stormwater management	1,245	–	3,348	2,103
Total environment	5,820	7,359	3,374	4,913
Community services and education				
Administration and education	197	6	–	(191)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	363	409	–	46
Children's services	–	3	–	3
Total community services and education	560	418	–	(142)
Housing and community amenities				
Public cemeteries	258	292	1	35
Public conveniences	335	–	–	(335)
Street lighting	557	157	–	(400)
Town planning	709	27	–	(682)
Other community amenities	–	–	–	–
Total housing and community amenities	1,859	476	1	(1,382)
Water supplies	8,227	9,671	5,283	6,727
Sewerage services	5,907	11,936	13,277	19,306

Goulburn Mulwaree Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	1,321	276	–	(1,045)
Museums	484	52	69	(363)
Art galleries	766	151	–	(615)
Community centres and halls	848	280	–	(568)
Performing arts venues	–	–	2,170	2,170
Sporting grounds and venues	344	6	–	(338)
Swimming pools	1,645	599	–	(1,046)
Parks and gardens (lakes)	2,130	71	833	(1,226)
Other sport and recreation	12	–	–	(12)
Total recreation and culture	7,550	1,435	3,072	(3,043)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	1,153	2,114	4	965
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	1,153	2,114	4	965
Transport and communication				
Urban roads (UR) – local	4,248	895	6,225	2,872
Urban roads – regional	52	52	–	–
Sealed rural roads (SRR) – local	4,560	1,522	–	(3,038)
Sealed rural roads (SRR) – regional	968	599	–	(369)
Unsealed rural roads (URR) – local	2,465	644	–	(1,821)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	25	–	–	(25)
Bridges on SRR – local	496	–	–	(496)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	2	–	2,139	2,137
Parking areas	25	–	–	(25)
Footpaths	292	–	–	(292)
Other transport and communication	1,120	100	4	(1,016)
Total transport and communication	14,253	3,812	8,368	(2,073)
Economic affairs				
Other economic affairs	1,846	325	–	(1,521)
Total economic affairs	1,846	325	–	(1,521)
Totals – functions	60,294	39,313	33,414	12,433
General purpose revenues ⁽¹⁾		24,648		24,648
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	60,294	63,961	33,414	37,081

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Goulburn Mulwaree Council

Special Schedule 2 – Permissible income for general rates
for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	19,143	18,579
Plus or minus adjustments ⁽²⁾	b	292	310
Notional general income	c = (a + b)	19,435	18,889
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	447	283
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	19,882	19,172
Plus (or minus) last year's carry forward total	l	45	15
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	45	15
Total permissible income	o = k + n	19,927	19,187
Less notional general income yield	p	19,874	19,143
Catch-up or (excess) result	q = o – p	53	44
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	(15)	–
Carry forward to next year	t = q + r – s	38	44

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 Special Schedule 2 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Goulburn Mulwaree Council

To the Councillors of Goulburn Mulwaree Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Goulburn Mulwaree Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

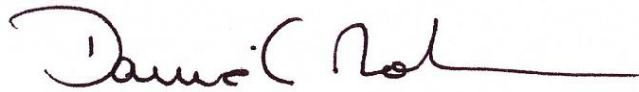
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does *not* provide assurance:

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

A handwritten signature in black ink that reads "David Nolan". The signature is written in a cursive style with a long horizontal line extending to the right.

David Nolan
Director, Financial Audit Services

31 October 2018
SYDNEY

Goulburn Mulwaree Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	1,138	1,063
b. Engineering and supervision	433	280
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	361	351
b. Maintenance expenses	40	41
– Mains		
c. Operation expenses	50	29
d. Maintenance expenses	1,167	933
– Reservoirs		
e. Operation expenses	1	2
f. Maintenance expenses	62	15
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	53	53
i. Maintenance expenses	1	6
– Treatment		
j. Operation expenses (excluding chemical costs)	463	524
k. Chemical costs	253	242
l. Maintenance expenses	83	67
– Other		
m. Operation expenses	115	113
n. Maintenance expenses	468	578
o. Purchase of water	41	42
3. Depreciation expenses		
a. System assets	3,087	3,781
b. Plant and equipment	28	44
4. Miscellaneous expenses		
a. Interest expenses	1,187	1,258
b. Revaluation decrements	–	–
c. Other expenses	314	247
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	66	67
5. Total expenses	9,411	9,736

Goulburn Mulwaree Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges		
a. Access (including rates)	1,697	1,691
b. Usage charges	4,694	4,545
7. Non-residential charges		
a. Access (including rates)	543	495
b. Usage charges	2,628	2,220
8. Extra charges	16	17
9. Interest income	729	640
10. Other income	101	54
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	107
b. Grants for pensioner rebates	93	95
c. Other grants	–	–
12. Contributions		
a. Developer charges	2,977	1,607
b. Developer provided assets	2,069	802
c. Other contributions	237	256
13. Total income	15,784	12,529
14. Gain (or loss) on disposal of assets	(160)	20
15. Operating result	6,213	2,813
15a. Operating result (less grants for acquisition of assets)	6,213	2,706

Goulburn Mulwaree Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	67
b. New assets for growth	2,069	953
c. Renewals	1,258	2,107
d. Plant and equipment	–	–
17. Repayment of debt	3,150	527
18. Totals	6,477	3,654
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	10,171	9,880
b. Residential (unoccupied, ie. vacant lot)	150	154
c. Non-residential (occupied)	886	880
d. Non-residential (unoccupied, ie. vacant lot)	196	194
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 165,432	\$ 170,226

Goulburn Mulwaree Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
a. Developer charges	6,567	–	6,567
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	938	–	938
e. Sinking fund	–	–	–
f. Other	12,006	7,222	19,228
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	97	8	105
c. User charges	1,288	24	1,312
d. Other	306	–	306
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	209,721	209,721
b. Plant and equipment	–	117	117
29. Other assets	–	–	–
30. Total assets	21,202	217,092	238,294
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	611	–	611
33. Borrowings	457	13,579	14,036
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	675	42	717
35. Total liabilities	1,743	13,621	15,364
36. NET ASSETS COMMITTED	19,459	203,471	222,930
EQUITY			
37. Accumulated surplus			83,521
38. Asset revaluation reserve			139,409
39. Other reserves			–
40. TOTAL EQUITY			222,930
Note to system assets:			
41. Current replacement cost of system assets			307,907
42. Accumulated current cost depreciation of system assets			(98,186)
43. Written down current cost of system assets			209,721

Goulburn Mulwaree Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	895	840
b. Engineering and supervision	–	307
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	1,362	924
– Pumping stations		
c. Operation expenses (excluding energy costs)	108	151
d. Energy costs	56	67
e. Maintenance expenses	46	53
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	774	741
g. Chemical costs	–	27
h. Energy costs	228	270
i. Effluent management	186	222
j. Biosolids management	16	119
k. Maintenance expenses	184	112
– Other		
l. Operation expenses	47	68
m. Maintenance expenses	32	7
3. Depreciation expenses		
a. System assets	1,747	2,049
b. Plant and equipment	12	26
4. Miscellaneous expenses		
a. Interest expenses	652	760
b. Revaluation decrements	–	–
c. Other expenses	352	274
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	71	66
5. Total expenses	6,768	7,083

Goulburn Mulwaree Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges (including rates)	7,849	7,593
7. Non-residential charges		
a. Access (including rates)	1,175	1,180
b. Usage charges	1,563	1,505
8. Trade waste charges		
a. Annual fees	20	19
b. Usage charges	315	295
c. Excess mass charges	7	–
d. Re-inspection fees	–	–
9. Extra charges	19	–
10. Interest income	765	1,092
11. Other income	134	132
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	6,000	2,000
b. Grants for pensioner rebates	90	92
c. Other grants	–	–
13. Contributions		
a. Developer charges	3,749	2,248
b. Developer provided assets	3,499	918
c. Other contributions	29	6
14. Total income	25,214	17,080
15. Gain (or loss) on disposal of assets	(357)	38
16. Operating result	18,089	10,035
16a. Operating result (less grants for acquisition of assets)	12,089	8,035

Goulburn Mulwaree Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	104	–
b. New assets for growth	3,499	1,014
c. Renewals	15,620	9,923
d. Plant and equipment	–	–
18. Repayment of debt	5,511	816
19. Totals	24,734	11,753
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	9,475	9,360
b. Residential (unoccupied, ie. vacant lot)	502	352
c. Non-residential (occupied)	794	799
d. Non-residential (unoccupied, ie. vacant lot)	171	166
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 159,826	\$ 165,375

Goulburn Mulwaree Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	4,279	–	4,279
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	17,496	8,059	25,555
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	338	32	370
c. User charges	105	7	112
d. Other	528	–	528
28. Inventories	3	–	3
29. Property, plant and equipment			
a. System assets	–	118,032	118,032
b. Plant and equipment	–	58	58
30. Other assets	–	–	–
31. Total assets	<u>22,749</u>	<u>126,188</u>	<u>148,937</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	116	–	116
34. Borrowings	495	3,941	4,436
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	507	27	534
36. Total liabilities	<u>1,118</u>	<u>3,968</u>	<u>5,086</u>
37. NET ASSETS COMMITTED	<u>21,631</u>	<u>122,220</u>	<u>143,851</u>
EQUITY			
38. Accumulated surplus			88,008
39. Asset revaluation reserve			55,843
40. Other reserves			–
41. TOTAL EQUITY			<u>143,851</u>
Note to system assets:			
42. Current replacement cost of system assets			198,872
43. Accumulated current cost depreciation of system assets			(80,840)
44. Written down current cost of system assets			<u>118,032</u>

Goulburn Mulwaree Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2018

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Goulburn Mulwaree Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

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	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Civic Centre	–	–	540	528	7,205	10,187	50%	25%	25%	0%	0%
	Council Works	–	–	25	59	5,592	11,396	80%	10%	10%	0%	0%
	Public Halls/Community	–	–	54	47	2,873	8,401	80%	0%	20%	0%	0%
	Libraries	–	–	–	3	5,850	7,688	50%	0%	50%	0%	0%
	Museums	250	400	–	–	1,528	6,178	25%	35%	36%	4%	0%
	Aquatic Centre	–	200	–	–	3,209	5,860	0%	70%	30%	0%	0%
	Visitor Information Centre	–	–	7	15	590	965	100%	0%	0%	0%	0%
	Rural Fire Service	–	–	3	4	1,883	3,776	25%	25%	50%	0%	0%
	Showground/Recreation Area	–	–	297	305	11,532	19,104	25%	25%	50%	0%	0%
	Amenities/Toilets	250	100	272	285	1,800	4,192	20%	30%	44%	3%	3%
	Other	–	–	20	16	1,916	5,240	0%	50%	50%	0%	0%
	Sub-total	500	700	1,218	1,262	43,978	82,987	40.8%	23.6%	35.1%	0.4%	0.2%
Other structures	Other structures	–	–	220	221	3,647	5,317	15%	30%	55%	0%	0%
	Sub-total	–	–	220	221	3,647	5,317	15.0%	30.0%	55.0%	0.0%	0.0%
Roads	Sealed roads	14,550	14,000	2,273	2,322	359,098	485,208	65%	17%	15%	3%	0%
	Unsealed roads	2,100	3,300	810	1,098	25,904	41,976	0%	0%	95%	5%	0%
	Bridges	–	10	72	62	30,006	44,156	10%	55%	35%	0%	0%
	Footpaths	–	100	83	74	13,399	16,006	2%	96%	2%	0%	0%
	Ancillary	100	–	109	150	657	1,472	5%	46%	42%	7%	0%
	Kerb & Channel	–	100	48	39	32,833	43,754	5%	59%	36%	0%	0%
	Other	280	–	198	221	1,973	2,827	30%	30%	30%	5%	5%
	Sub-total	17,030	17,510	3,593	3,966	463,870	635,399	50.9%	23.5%	22.9%	2.7%	0.0%

Goulburn Mulwaree Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

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	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Networks	1,625	1,000	1,574	1,495	118,928	163,240	15%	35%	48%	1%	1%
	Reservoirs	–	250	122	125	4,926	21,324	0%	65%	35%	0%	0%
	Pumping Station/s	–	600	49	13	4,370	7,901	20%	0%	80%	0%	0%
	Water Treatment Plant	800	2,000	693	634	12,131	23,674	0%	75%	20%	5%	0%
	Raw Water Source	–	500	102	72	66,553	87,906	40%	50%	10%	0%	0%
	Sub-total	2,425	4,350	2,540	2,339	206,908	304,045	20.1%	43.6%	34.8%	0.9%	0.5%
Sewerage network	Pumping Station/s	500	1,000	139	154	6,131	12,597	20%	20%	55%	5%	0%
	Networks	1,000	1,000	1,071	891	74,135	120,032	35%	30%	33%	1%	1%
	Waste Water Treatment Plant	1,200	2,000	1,686	1,075	851	21,697	5%	0%	90%	5%	0%
	Effluent Disposal	–	500	165	127	6,592	12,612	0%	85%	15%	0%	0%
	Sub-total	2,700	4,500	3,061	2,247	87,709	166,938	27.3%	29.5%	40.7%	1.7%	0.7%

Goulburn Mulwaree Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

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	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	GPT's	–	16	84	81	1,804	2,288	27%	43%	30%	0%	0%
	Pipes and Channels	–	101	212	207	47,728	72,123	11%	17%	72%	0%	0%
	Pits	–	–	–	–	15,324	20,583	11%	17%	72%	0%	0%
	Sub-total	–	117	296	288	64,856	94,994	11.4%	17.6%	71.0%	0.0%	0.0%
Open space/recreational assets	Swimming pools	260	300	1,062	1,130	795	1,302	0%	0%	80%	20%	0%
	Open space and recreation	–	–	852	936	2,299	3,808	35%	25%	40%	0%	0%
	Sub-total	260	300	1,914	2,066	3,094	5,110	26.1%	18.6%	50.2%	5.1%	0.0%
TOTAL – ALL ASSETS		22,915	27,477	12,842	12,389	874,062	1,294,790	36.8%	28.6%	32.5%	1.8%	0.2%

Notes:

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

Goulburn Mulwaree Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	<u>9,048</u>	60.21%	125.83%	73.48%	>= 100%
Depreciation, amortisation and impairment	<u>15,028</u>				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	<u>22,915</u>	2.62%	2.52%	3.06%	< 2.00%
Net carrying amount of infrastructure assets	<u>875,786</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>12,389</u>	96.47%	99.92%	98.04%	> 100%
Required asset maintenance	<u>12,842</u>				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>27,477</u>	2.12%	2.20%	2.09%	
Gross replacement cost	<u>1,294,790</u>				

Notes

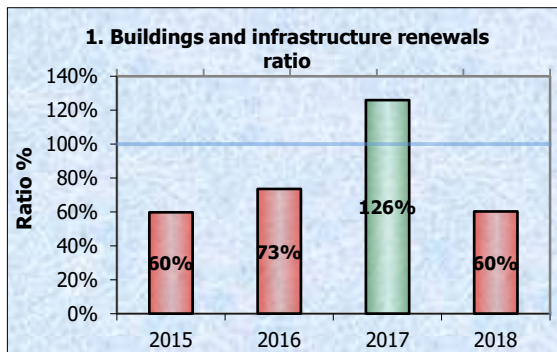
* All asset performance indicators are calculated using the asset classes identified in the previous table.

(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.

Goulburn Mulwaree Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018



Benchmark: — Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of asset renewals ratio

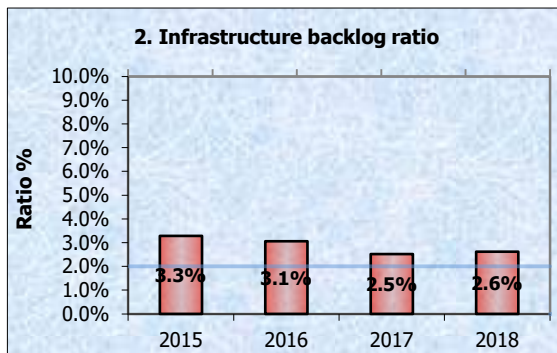
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2017/18 result

2017/18 Ratio 60.21%

Council's work in progress includes \$14.3m in infrastructure renewals excluded from this ratio, distorting the ratio which would otherwise be 155%. Projects such as the sewer treatment plant and performing arts centre will be included in the ratio once commissioned.

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Benchmark: — Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of infrastructure backlog ratio

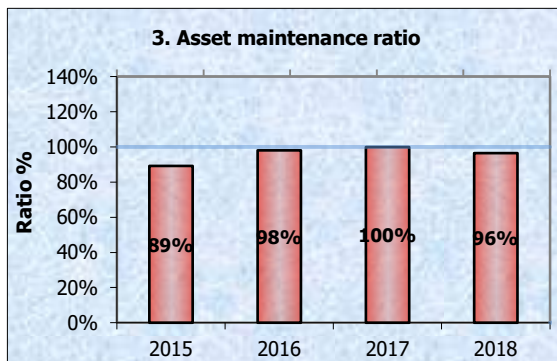
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2017/18 result

2017/18 Ratio 2.62%

Council is continuing to focus on the appropriate asset standards for renewal and maintenance. Council is continuing to review assets and is working towards consistent classification of renewal and new assets.

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Benchmark: — Minimum $> 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of asset maintenance ratio

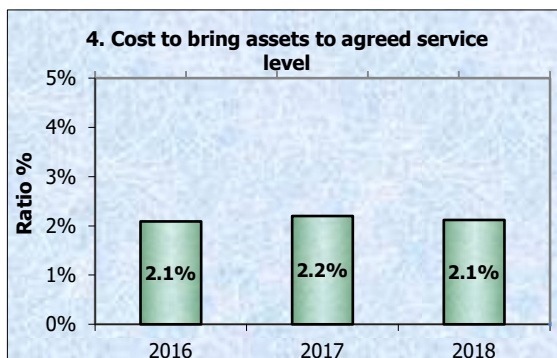
Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on 2017/18 result

2017/18 Ratio 96.47%

Council is continuing to increase the amount of funds spent on asset maintenance to achieve the level required in order to minimise the impact on the infrastructure backlog.

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of agreed service level ratio

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.

2017/18 Ratio 2.12%

Goulburn Mulwaree Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

	General indicators ⁽¹⁾		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Infrastructure asset performance indicators by fund							
1. Buildings and infrastructure renewals ratio ⁽²⁾							
Asset renewals ⁽³⁾	64.17%	80.45%	39.29%	55.73%	73.97%	484.52%	>= 100%
Depreciation, amortisation and impairment							
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard	3.07%	2.87%	1.17%	1.24%	3.06%	3.24%	< 2.00%
Net carrying amount of infrastructure assets							
3. Asset maintenance ratio							
Actual asset maintenance	107.76%	103.05%	92.09%	99.61%	73.41%	92.32%	> 100%
Required asset maintenance							
4. Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.27%	2.34%	1.42%	1.48%	2.66%	2.80%	
Gross replacement cost							

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Excludes Work In Progress (WIP)
- (3) 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.