
**NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 14 NOVEMBER 2018
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY**

1. INVESTMENT REPORT AS AT 31 OCTOBER 2018

Author	Director Finance & Corporate Strategy
Responsible Officer	Director Finance & Corporate Strategy
Link to Strategic Plans	CSP – 4.3 A financially sound Council that is responsible and sustainable DP - 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

Council's investments are made in accordance with legislative requirements and are certified as such by the Responsible Accounting Officer.

Report

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

The management of Council's Investments is delegated by the General Manager to the Director of Finance and Corporate Strategy.

Council's current investment portfolio is diversified across a number of investment types and institutions. This includes term deposits, on-call accounts and managed funds. Investments are in accordance with the Office of Local Government's Guidelines and Council's Investment Policy.

The Government Guarantee on aggregated Investments up to \$1 million per account holder per institution expired 1 February 2012 and the new cap is \$250,000.

The investment portfolio decreased **\$1,220,958** during the reporting period. This decrease is due mostly to less Rates receipts than Capital and Operational Payments which was anticipated.

Financial Implications

The 2018/19 Budget estimates the total annual Investment Revenue as \$504,687 which represents an estimated return of 2.5% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The market value of Council's Investments held as at **31 October 2018** is **\$21,959,284**. The full list of investments is in ***Attachment No. 1***.

1. INVESTMENT REPORT AS AT 31 OCTOBER 2018 (Cont'd)

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 625
- Local Government (General) Regulation, 2005 – Clause 212
- Council Investment Policy adopted 11 March 2015
- Ministerial Investment Order – 12 January 2011

Risk Management Issues

Council's risk management strategy is to diversify the allocation of funds across different financial institutions and government authorities based on credit ratings as per the Investment Policy. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

Attachments

- 1 Investments

RECOMMENDATION

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

2. 2017-18 ANNUAL FINANCIAL STATEMENTS

Author	Director Finance and Corporate Strategy
Responsible Officer	Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3.1 Operate and manage a Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies. Delivery Program - 4.3.1.6 Prepare Council's Annual Financial Accounts in accordance with the relevant Acts and Regulations.

Executive Summary

The Annual Financial Statements have been prepared in accordance with the Office of Local Government's Code of Accounting Practice and Financial Reporting Guidelines and Australian Accounting Standards, have been audited and are presented to Council for adoption.

Report

The Financial Statements were submitted to the Office of Local Government on the 30th October 2018 and are attached (**Attachment 2**).

Section 420 of the Local Government Act stipulates that Council must allow a period of 7 days after accepting the Financial Statements for the public to make written submissions on the audited Financial Reports and/or the Auditors Report. Any submissions are referred to Council's Auditors for further comment as required.

Summary

Council's External Auditor's Report reflects a sound financial position as at 30th June 2018. This report forms part of the Financial Statements and can be found on pages 75 - 77 of the statements.

Financial Implications

The Annual Financial Statements reflect the transactions previously reported to Council at the Quarterly Budget Reviews and the year-end adjustments.

2. 2017-18 ANNUAL FINANCIAL STATEMENTS (Cont'd)

Legal and Regulatory Compliance

Local Government Act 1993

Local Government Code of Accounting Practice and Financial Reporting
Guidelines – Update 26

The Australian Accounting Standards and professional pronouncements of the
Australian Standards Board

Risk Management Issues

Nil

Internal/External Consultation

The General Purpose Financial Statements were audited by the NSW Audit Office.

Attachments

2 Financial Statements

RECOMMENDATION

1. That Council adopts the 2017-18 Audited Financial Statements and Auditors report, as presented.

3. QUARTERLY BUDGET REVIEW STATEMENT – 30 SEPTEMBER 2018

Author	Director Finance and Corporate Strategy
Responsible Officer	Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3.1 – Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies. Delivery Program – 4.3.1.5 - Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

The Quarterly Budget Review Statement (“QBR”) must be prepared by the Responsible Accounting Officer and presented to Council within two months of the end of the quarter.

Report

The Quarterly Budget Review Statement (QBR) has been prepared for the 30 September 2018 quarter and is presented to Council as **Attachment No.3**.

Council adopted a balanced cash based budget as part of the 2018-19 Operational Plan at the 28 June 2018 Council Meeting. Since then the following changes have occurred –

- a) Since the start of the financial year Council has adopted recommendations from staff which have also impacted on the budget result. These changes have already been approved by Council and are included in the “Approved Changes Column” in the Income and Expenditure Review Statement of the QBR document.
- b) A review of the last three months has been carried out by staff and the changes are included in the “Variations for this Quarter” column of the QBR document.

The net result of all changes for the year to the end of September 2018 is **Nil** as all adjustments have been funded from Reserves or Carryover Works approved by Council at the August 2018 meeting.

3. QUARTERLY BUDGET REVIEW STATEMENT - SEPTEMBER 2018 (Cont.)

The adjustments which have been identified during the review are summarised below:

Summary	Budget Impact
Balanced budget at commencement of year	0
September 2018 QBR results	0
TOTAL CHANGE FOR YEAR TO DATE	0

The revised budget result following the September 2018 QBR is a balanced budget.

The financial position of Narromine Shire Council as at 30th September 2018 is considered to be satisfactory and is confirmed by the Report from the Responsible Accounting Officer.

Summary

The Office of Local Government released guidelines on the preparation of Quarterly Budget Review Statements (QBR) to Councils in December 2010 with mandatory reporting in line with the guideline which commenced in July 2011.

The QBR must show, by reference to the estimated income and expenditure that is set out in the operational plan adopted by Council for the relevant year, a revised estimate of income and expenditure for that year.

It also requires the Budget Review Statement to include a report by the Responsible Accounting Officer as to whether or not they consider the Statement indicates Council to be in a satisfactory financial position (with regard to its original budget) and if not, to include recommendations for remedial action.

Financial Implications

Council's original budget was adopted on 28 June 2018 and reflected a balanced overall cash based budget.

Legal and Regulatory Compliance

Local Government (General) Regulation 2005 (the Regulations) clause 203 requires a Council's Responsible Accounting Officer to prepare and submit a quarterly budget review statement to the governing body of Council within two months of the end of the quarter.

Office of Local Government – Quarterly Budget Review Guidelines issued December 2010.

3. QUARTERLY BUDGET REVIEW STATEMENT - SEPTEMBER 2018 (Cont.)

Risk Management Issues

Nil

Internal/External Consultation

Nil

Attachments

- 3 Quarterly Budget Review Statement

RECOMMENDATION

1. That the document entitled "Quarterly Budget Review Statement – September 2018", as attached to the report, be noted;
2. That the variations of income, operating expenditure, capital expenditure and reserves as identified in the "Quarterly Budget Review Statement – September 2018" be approved and voted.

John Sevil
Director Finance & Corporate Strategy
Responsible Accounting Officer

NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 14 NOVEMBER 2018
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

Attachment 1 **Investments**

Financial Institution	Bank Rating	Investment Type/Maturity Date	Investment Rating	Current Rate	Term	Amount (\$)	Comment
Cash & At Call							
CBA	AA-	Business Online Saver - at call	A-1+	1.00%	N/A	1,092,531.21	S&P Short Term
CBA	AA-	Business Online Saver - at call	A-1+	1.00%	N/A	95,441.63	S&P Short Term
TOTAL						1,187,972.84	
Percentage Exposure of Total Portfolio						5.41%	
Average Investment Yield (annualised)						1.00%	
Term Deposits							
AMP Bank	A	Term Deposit - 14/11/2018	A-1	2.75%	182 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 21/11/2018	A-1+	2.75%	182 Days	1,000,000.00	S&P Short Term
AMP Bank	A	Term Deposit - 28/11/2018	A-1	2.75%	181 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 05/12/2018	A-1+	2.75%	196 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 12/12/2018	A-1+	2.75%	188 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 12/12/2018	A-1+	2.76%	182 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 19/12/2018	A-1+	2.75%	195 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 08/01/2019	A-1+	2.67%	120 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 16/01/2019	A-1+	2.81%	208 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 23/01/2019	A-1+	2.85%	210 Days	750,000.00	S&P Short Term
Bankwest	AA-	Term Deposit - 13/02/2019	A-1+	2.75%	180 Days	1,000,000.00	S&P Short Term
Bankwest	AA-	Term Deposit - 20/02/2019	A-1+	2.75%	183 Days	1,000,000.00	S&P Short Term
Bankwest	AA-	Term Deposit - 06/03/2019	A-1+	2.65%	154 Days	1,000,000.00	S&P Short Term
AMP Bank	A	Term Deposit - 13/03/2019	A-1	2.80%	182 Days	1,000,000.00	S&P Short Term
Bankwest	AA-	Term Deposit - 20/03/2019	A-1+	2.65%	189 Days	1,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 10/04/2019	A-1+	2.70%	182 Days	1,000,000.00	S&P Short Term
TOTAL						15,750,000.00	
Percentage Exposure of Total Portfolio						71.72%	
Average Investment Yield (annualised)						2.74%	
Pooled Managed Investments							
						Market Value	Balance from 2017/2018
TCorp	AAA	T-CorpIM Long Term Growth Fund				5,021,311	5,070,102
Percentage Exposure of Total Portfolio						22.87%	
Average Investment Yield MTH						-3.78%	
Average Investment Yield FYTD						-0.96%	
Total Investment Portfolio						21,959,284	

Back to report

Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

*To enhance our Shire's image, lifestyle and
environment through effective leadership, community
involvement and commitment to service.*



Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2018

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Overview

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

124 Dandaloo Street
Narromine NSW 2821

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.narromine.nsw.gov.au.

Narromine Shire 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.

Narromine Shire 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 professional 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, 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 20.08.18.



Craig Davies

Mayor

20/08/18



Jane Redden

General Manager

20/08/18



James Craft

Councillor

20/08/18



John Sevil

Responsible Accounting Officer

20/08/18

Narromine Shire 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:				
8,117	Rates and annual charges	3a	8,331	7,986
2,987	User charges and fees	3b	2,988	2,602
457	Interest and investment revenue	3c	637	631
481	Other revenues	3d	532	465
7,318	Grants and contributions provided for operating purposes	3e,f	8,053	11,519
2,468	Grants and contributions provided for capital purposes	3e,f	2,831	1,197
Other income:				
200	Net gains from the disposal of assets	5	157	76
–	Net share of interests in joint ventures and associates using the equity method	14	37	34
22,028	Total income from continuing operations		23,566	24,510
Expenses from continuing operations				
6,631	Employee benefits and on-costs	4a	7,075	6,962
121	Borrowing costs	4b	101	134
5,296	Materials and contracts	4c	4,686	4,087
4,795	Depreciation and amortisation	4d	5,964	4,991
2,740	Other expenses	4e	2,895	2,686
19,583	Total expenses from continuing operations		20,721	18,860
2,445	Operating result from continuing operations		2,845	5,650
2,445	Net operating result for the year		2,845	5,650
2,445	Net operating result attributable to Council		2,845	5,650
Net operating result for the year before grants and contributions provided for capital purposes				
(23)			14	4,453

Narromine Shire 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)		2,845	5,650
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	2,107	4,660
Total items which will not be reclassified subsequently to the operating result		2,107	4,660
Total other comprehensive income for the year		2,107	4,660
Total comprehensive income for the year		4,952	10,310
Total comprehensive income attributable to Council		4,952	10,310

Narromine Shire Council

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	1,035	3,833
Investments	6b	23,320	21,000
Receivables	7	2,074	1,188
Inventories	8	1,014	771
Other	8	115	7
Total current assets		27,558	26,799
Non-current assets			
Receivables	7	458	609
Infrastructure, property, plant and equipment	9	302,718	298,774
Investments accounted for using the equity method	14	288	251
Total non-current assets		303,464	299,634
TOTAL ASSETS		331,022	326,433
LIABILITIES			
Current liabilities			
Payables	10	884	1,094
Income received in advance	10	186	166
Borrowings	10	385	351
Provisions	11	1,761	1,774
Total current liabilities		3,216	3,385
Non-current liabilities			
Borrowings	10	2,494	2,691
Provisions	11	56	53
Total non-current liabilities		2,550	2,744
TOTAL LIABILITIES		5,766	6,129
Net assets		325,256	320,304
EQUITY			
Accumulated surplus		132,690	129,845
Revaluation reserves		192,566	190,459
Total equity		325,256	320,304

Narromine Shire Council

Statement of Changes in Equity

for the year ended 30 June 2018

	Notes	2018			2017			Total equity
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity	
Opening balance		129,845	190,459	320,304	124,195	185,799	309,994	
Net operating result for the year		2,845	-	2,845	5,650	-	5,650	
Other comprehensive income		-	2,107	2,107	-	4,660	4,660	
- Gain (loss) on revaluation of IPP&E	9a	-	2,107	2,107	-	4,660	4,660	
Other comprehensive income		2,845	2,107	4,952	5,650	4,660	10,310	
Total comprehensive income		2,845	2,107	4,952	5,650	4,660	10,310	
Equity – balance at end of the reporting period		132,690	192,566	325,256	129,845	190,459	320,304	

Narromine Shire Council

Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
7,915	Rates and annual charges		8,090	7,895
1,311	User charges and fees		2,792	2,666
458	Investment and interest revenue received		690	559
12,991	Grants and contributions		10,414	12,977
–	Bonds, deposits and retention amounts received		22	–
–	Other		671	1,439
Payments:				
(6,631)	Employee benefits and on-costs		(7,086)	(7,110)
(5,296)	Materials and contracts		(4,885)	(4,225)
(121)	Borrowing costs		(99)	(136)
(2,740)	Other		(3,004)	(3,139)
7,887	Net cash provided (or used in) operating activities	13b	7,605	10,927
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		25,570	35,500
100	Sale of real estate assets		411	202
–	Sale of infrastructure, property, plant and equipment		544	31
Payments:				
–	Purchase of investment securities		(27,890)	(38,000)
(11,987)	Purchase of infrastructure, property, plant and equipment		(8,617)	(6,511)
–	Purchase of real estate assets		(258)	–
(11,887)	Net cash provided (or used in) investing activities		(10,240)	(8,779)
Cash flows from financing activities				
Receipts:				
200	Proceeds from borrowings and advances		200	–
Payments:				
(385)	Repayment of borrowings and advances		(363)	(340)
(185)	Net cash flow provided (used in) financing activities		(163)	(340)
(4,185)	Net increase/(decrease) in cash and cash equivalents		(2,798)	1,807
4,000	Plus: cash and cash equivalents – beginning of year	13a	3,833	2,026
(185)	Cash and cash equivalents – end of the year	13a	1,035	3,833
Additional Information:				
	plus: Investments on hand – end of year	6b	23,320	21,000
	Total cash, cash equivalents and investments		24,355	24,833

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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Narromine Shire 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 14/11/2018.

Council has the power to amend and reissue these financial statements.

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

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 20 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 18 – Material budget variations

and are clearly marked .

(a) New and amended standards adopted by Council

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

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

Significant judgements in applying the Council's accounting policies

- (iii) 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
- Water Service
- Sewerage Service
- Macquarie Valley Family Day Care

(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.

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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.

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

- *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.

Narramine Shire 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	2017
Governance	–	–	487	1,889	(487)	(1,889)	–	45	–	–
Administration	–	–	3,174	1,306	(3,174)	(1,306)	–	–	27,179	27,522
Public Order & Safety	142	183	581	355	(439)	(172)	116	82	276	270
Environment & Health	100	159	326	383	(226)	(224)	68	52	1,383	1,594
Community & Cultural Services	214	231	1,209	782	(995)	(551)	464	37	374	378
Planning & Development	209	206	192	254	17	(48)	–	–	173	307
Waste Management	1,482	1,333	1,113	1,330	369	3	27	27	631	654
Infrastructure	5,588	5,879	7,857	7,229	(2,269)	(1,350)	3,130	3,756	238,374	234,739
Recreational Facilities	1,007	107	1,733	1,419	(726)	(1,312)	661	21	15,904	15,507
Economic Development	247	123	409	475	(162)	(352)	52	–	70	142
Family Day Care	606	1,172	628	1,111	(22)	61	509	857	232	468
Water Supplies	2,281	1,985	1,846	1,257	435	728	231	307	20,780	19,980
Sewerage Services	1,523	1,423	1,166	1,070	357	353	19	21	25,358	24,621
General Purpose Income	10,130	11,675	–	–	10,130	11,675	4,209	5,990	–	–
Joint Ventures	37	34	–	–	37	34	–	–	288	251
Total functions and activities	23,566	24,510	20,721	18,860	2,845	5,650	9,486	11,195	331,022	326,433

Narromine Shire 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:

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

- Executive services - provision of effective and efficient support to councillors, Council and the community.
- Legal advice and services for Council, its delegates and officers, procure adequate and appropriate insurance coverage at a minimum cost, manage claims against Council and manage litigation by and against Council.
- Provision of management accounting, financial reporting, rates, payroll, creditors, accounts receivable, cashiering, debt recovery and investments.
- Computing and support services to Council
- Management and improvement of the quality, performance, opportunities & safety conditions of Council's staff.
- Civic administration building.

Public Order & Safety

- Co-operation and liaison with the Rural Fire Service and other Emergency Service organisations

Environment & Health

- Protection of the environment, its enhancement and the promotion of environmental sustainability
- Maintenance of the health standards and safety of premises that are accessible to and impact upon the community
- Development of an innovative best practice policy to control the incidence of noxious plants
- Companion animal management and issues in relation to straying livestock

Community & Cultural Services

- Provision of community, cultural and educational services and facilities to enhance the community's way of life
- Provision of programs and services for young people between 12-24 years of age
- Active participation in and co-operation with community organisations in the delivery of Aged & Disability Services
- Provision for the development and management of a range of community facilities
- Provision of effective public library lending, information and referral services
- Provision of quality cemetery services and memorial facilities
- Advocate for a strong cultural role in community revitalisation and identity by the encouragement & promotion of local historical, cultural and art organisations and activities

Planning & Development

- Creation of a quality environment for the community in which land use and development is planned and assessed and the social, environmental, economic, agricultural, heritage and physical wellbeing of the community is enhanced and protected
- Planning the Shire's future whilst embracing the principles of Ecologically Sustainable Development
- Assessment and determination of development applications
- Regulatory inspections

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

Waste Management

- Effective management of waste collection, minimise waste whilst encouraging commercial and residential recycling
- Collection & recycling
- Disposal

Infrastructure

- Provision of well constructed, maintained and functional roads, drains, public buildings and associated engineering structures; including operational support, construction and maintenance, design, stormwater management and aerodromes

Recreational Facilities

- Provision of equitable access to social, cultural, sporting and recreational services and facilities
- Parks, playing fields and reserves
- Recreational buildings and infrastructure
- Swimming Pools

Economic Development

- Development and assistance in the implementation of strategies, programs and policies that will provide employment and a positive environment for the local economy
- Tourism & area promotion
- Real estate development
- Saleyards and markets
- External partnerships
- Camping areas

Family Day Care

- Licensee of Macquarie Valley Family Day Care Centre

Water Supplies

- Provision of a cost effective, environmentally sensitive and ecologically sustainable water supply service. Including business plan, service delivery, customer service, demand management, infrastructure management.

Sewerage Services

- Provision of a cost effective, environmentally sensitive & ecologically sustainable sewerage service. Including business plan, service delivery, customer service, demand management, infrastructure management.

Narromine Shire 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	1,454	1,331
Farmland	3,178	3,116
Mining	268	261
Business	561	536
Total ordinary rates	5,461	5,244
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	943	870
Stormwater management services	52	51
Water supply services	588	467
Sewerage services	1,059	1,054
Waste management services (non-domestic)	228	300
Total annual charges	2,870	2,742
TOTAL RATES AND ANNUAL CHARGES	8,331	7,986

Council has used 2016 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**Specific user charges** (per s.502 – specific 'actual use' charges)

Water supply services	1,301	1,098
Sewerage services	371	247
Waste management services (non-domestic)	54	15
Total specific user charges	1,726	1,360

Other user charges and fees**(i) Fees and charges – statutory and regulatory functions (per s.608)**

Impounding fees	–	10
Lifetime animal registrations	–	12
Planning and building regulation	100	47
Private works – section 67	159	235
Regulatory/ statutory fees	1	–
Registration fees	7	–
Regulatory fees	22	–
Section 149 certificates (EPA Act)	41	18
Section 603 certificates	14	11
Other	4	–
Total fees and charges – statutory/regulatory	348	333

Narromine Shire 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))		
Building and planning	–	24
Cemeteries	71	89
Community centres	22	–
Showgrounds	32	40
Gravel pits	308	309
Macquarie family day care	95	175
Plant income – private works	–	8
Recycling income (non-domestic)	64	28
Saleyards	20	29
Sport and fitness centre	41	15
Swimming centres	78	84
Waste disposal tipping fees	137	101
Water connection fees	43	5
Other	3	2
Total fees and charges – other	914	909
<u>TOTAL USER CHARGES AND FEES</u>	<u>2,988</u>	<u>2,602</u>

Accounting policy for user charges and fees

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	55	54
– Cash and investments	582	576
– Other	–	1
TOTAL INTEREST AND INVESTMENT REVENUE	637	631
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	55	54
General Council cash and investments	405	387
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	–	5
– Section 64	5	5
Water fund operations	102	103
Sewerage fund operations	70	73
Domestic waste management operations	–	1
Other externally restricted assets	–	3
Total interest and investment revenue recognised	637	631

Accounting policy for interest and investment revenue

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

(d) Other revenues

Rental income – other council properties	254	233
Legal fees recovery – rates and charges (extra charges)	43	–
Diesel rebate	55	56
Family day care	–	6
Insurance claim recoveries	21	–
Insurance rebates	3	48
Refunds of contributions	4	54
Sales – general	–	19
Other	152	49
TOTAL OTHER REVENUE	532	465

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.

Narromine Shire 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 – general component	1,351	2,577	–	–
Financial assistance – local roads component	703	1,348	–	–
Payment in advance – future year allocation				
Financial assistance – general component	1,393	1,332	–	–
Financial assistance – local roads component	723	692	–	–
Other				
Pensioners' rates subsidies – general component	39	41	–	–
Total general purpose	4,209	5,990	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	20	21	–	–
– Sewerage	19	20	–	–
– Domestic waste management	27	28	–	–
Water supplies	–	–	211	288
Black Spot grant funding	–	623	110	–
Bushfire and emergency services	116	83	–	–
Community care	3	–	–	–
Community centres	–	–	63	–
Community infrastructure grant	–	49	362	–
Economic development	52	42	–	–
Family day care – child assistance	420	816	–	–
Family day care – operational	89	169	–	–
Flood restoration	–	1,010	–	–
Library	36	36	–	–
LIRS subsidy	–	78	–	–
Noxious weeds	68	53	–	–
Recreation and culture	–	–	661	–
Street lighting	45	44	–	–
Transport (roads to recovery)	1,251	969	–	–
Transport (other roads and bridges funding)	353	–	1,371	792
Other	–	84	–	–
Total specific purpose	2,499	4,125	2,778	1,080
Total grants	6,708	10,115	2,778	1,080
Grant revenue is attributable to:				
– Commonwealth funding	4,761	8,029	–	–
– State funding	2,566	2,086	2,778	1,080
	6,708	10,115	2,778	1,080

Narromine Shire 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 7.4 – contributions using planning agreements		–	–	–	117
S 7.12 – fixed development consent levies		–	–	50	–
Total developer contributions – cash		–	–	50	117
Total developer contributions	21	–	–	50	117
Other contributions:					
Cash contributions					
Dedications – subdivisions (other than by s7.11)		132	129	–	–
Motor vehicle leaseback		36	26	–	–
Other councils – joint works/services		–	144	–	–
Recreation and culture		–	–	3	–
RMS contributions (regional roads, block grant)		1,125	1,105	–	–
Tourism		1	–	–	–
Other		51	–	–	–
Total other contributions – cash		1,345	1,404	3	–
Total other contributions		1,345	1,404	3	–
Total contributions		1,345	1,404	53	117
TOTAL GRANTS AND CONTRIBUTIONS		8,053	11,519	2,831	1,197

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '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:		
Unexpended at the close of the previous reporting period	3,519	1,246
Add: recognised in the current period but not yet spent	802	2,613
Less: recognised in a previous reporting period now spent	(1,768)	(340)
Unexpended and held as restricted assets (operating grants)	<u>2,553</u>	<u>3,519</u>

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	2017
(a) Employee benefits and on-costs		
Salaries and wages	5,178	5,005
Employee termination costs	41	–
Travel expenses	20	118
Employee leave entitlements (ELE)	1,262	1,164
Superannuation	652	638
Workers' compensation insurance	177	179
Fringe benefit tax (FBT)	25	39
Training costs (other than salaries and wages)	103	167
Sick leave insurance	12	–
Protective clothing	20	–
Other	22	99
Total employee costs	7,512	7,409
Less: capitalised costs	(437)	(447)
TOTAL EMPLOYEE COSTS EXPENSED	7,075	6,962
Number of 'full-time equivalent' employees (FTE) at year end	78	79

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

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

(b) Borrowing costs**Interest bearing liability costs**

Interest on loans	101	134
Total interest bearing liability costs expensed	101	134
TOTAL BORROWING COSTS EXPENSED	101	134

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.

Narromine Shire 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	2,918	3,893
Contractor and consultancy costs	1,577	89
Auditors remuneration ⁽²⁾	82	48
Legal expenses:		
– Legal expenses: other	68	17
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	35	39
Other	6	–
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>4,686</u>	<u>4,087</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	35	39
	<u>35</u>	<u>39</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

Auditors of the Council – NSW Auditor-General:**Audit and other assurance services**

Audit and review of financial statements	82	48
Remuneration for audit and other assurance services	<u>82</u>	<u>48</u>
Total Auditor-General remuneration	<u>82</u>	<u>48</u>
Total Auditor remuneration	<u>82</u>	<u>48</u>

Narromine Shire 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		
Depreciation and amortisation		
Plant and equipment	387	348
Office equipment	393	46
Furniture and fittings	17	18
Infrastructure:		
– Buildings – non-specialised	147	153
– Buildings – specialised	617	620
– Other structures	104	98
– Roads	2,191	2,286
– Bridges	243	243
– Footpaths	78	79
– Stormwater drainage	203	202
– Water supply network	616	140
– Sewerage network	433	337
– Swimming pools	41	41
– Other open space/recreational assets	139	123
– Other infrastructure	10	–
Other assets:		
– Aerodrome	226	257
– Intangibles	119	–
Total depreciation and amortisation costs	5,964	4,991
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u>	<u>5,964</u>	<u>4,991</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 9 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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

(d) Depreciation, amortisation and impairment (continued)

Accounting policy for depreciation, amortisation and impairment expenses (continued)

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.

\$ '000	2018	2017
(e) Other expenses		
Advertising	117	33
Bad and doubtful debts	20	(27)
Bank charges	36	–
Child care – carers payments	432	805
Computer software charges	159	98
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	11	9
– Macquarie regional library	367	371
– NSW fire brigade levy	32	34
– NSW rural fire service levy	229	223
Councillor expenses – mayoral fee	25	19
Councillor expenses – councillors' fees	102	95
Councillors' expenses (incl. mayor) – other (excluding fees above)	37	25
Donations, contributions and assistance to other organisations (Section 356)	52	19
Election expenses	49	42
Electricity and heating	380	242
Insurance	383	323
Office expenses (including computer expenses)	78	114
Postage	5	–
Street lighting	146	140
Subscriptions and publications	128	51
Telephone and communications	73	62
Valuation fees	29	–
Other	5	8
<u>TOTAL OTHER EXPENSES</u>	<u>2,895</u>	<u>2,686</u>

Accounting policy for other expenses

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

Narromine Shire 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
Plant and equipment	9		
Proceeds from disposal – plant and equipment		544	31
Less: carrying amount of plant and equipment assets sold/written off		<u>(571)</u>	<u>(39)</u>
Net gain/(loss) on disposal		<u>(27)</u>	<u>(8)</u>
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		411	201
Less: carrying amount of real estate assets sold/written off		<u>(227)</u>	<u>(117)</u>
Net gain/(loss) on disposal		<u>184</u>	<u>84</u>
Financial assets ⁽¹⁾	6		
Proceeds from disposal/redemptions/maturities – financial assets		25,570	35,500
Less: carrying amount of financial assets sold/redeemed/matured		<u>(25,570)</u>	<u>(35,500)</u>
Net gain/(loss) on disposal		<u>-</u>	<u>-</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>157</u>	<u>76</u>

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		107	587
Cash-equivalent assets			
– Deposits at call		<u>928</u>	<u>3,246</u>
Total cash and cash equivalents		<u>1,035</u>	<u>3,833</u>

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Investments				
a. 'Held to maturity'	23,320	–	21,000	–
Total investments	23,320	–	21,000	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	24,355	–	24,833	–
Held to maturity investments				
Long term deposits	23,320	–	21,000	–
Total	23,320	–	21,000	–

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.

(c) Loans and receivables

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

(d) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

Recognition and de-recognition

Regular purchases and sales of 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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(b). Investments (continued)

Accounting policy for investments**Recognition and de-recognition** (continued)

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.

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	24,355	–	24,833	–
attributable to:				
External restrictions (refer below)	13,410	–	13,958	–
Internal restrictions (refer below)	7,690	–	7,539	–
Unrestricted	3,255	–	3,336	–
	24,355	–	24,833	–

\$ '000	2018	2017
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans – general	5	7
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External restrictions – included in liabilities**External restrictions – other**

Developer contributions – general	259	210
Developer contributions – water fund	141	137
Developer contributions – sewer fund	75	73
Specific purpose unexpended grants	2,058	2,935
Specific purpose unexpended grants-water fund	–	164
Water supplies	4,062	3,535
Sewerage services	5,439	5,606
Domestic waste management	926	1,001
Board of control	105	85
OROC	205	205
OROC - Unexpended Grants	135	–

External restrictions – other	13,405	13,951
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Total external restrictions	13,410	13,958
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Narromine Shire 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	306	977
Employees leave entitlement	545	630
Carry over works	1,340	1,886
Administration building	33	33
Aerodrome development	153	403
Alkane community contributions	87	83
Alkane environmental monitoring	69	47
Alkane roads contribution	55	190
Alkane Tomingley water tank project	60	40
Cemetery improvements	26	34
Community hall upgrades	34	34
Council buildings	52	42
Depot improvements	62	52
Drainage construction	122	73
Economic development reserve	12	12
Election expenses	19	9
Employees leave entitlement – family day care	–	54
FAGS advance grant	2,116	–
Family day care	199	173
Industrial land planning	–	32
IT strategy	129	159
Kerb and gutter	238	146
Land development	499	493
Library improvements	140	144
Medical centre	91	425
Natfly	4	4
Office equipment	21	21
OHS	84	71
Playground equipment	50	38
Pound improvements	16	16
Public amenities upgrade	35	35
Quarries	484	580
Roads contingency	–	188
Saleyards	–	15
Showground improvements	1	9
Sports centre upgrades	25	15
Stormwater – levee bank	2	2
Street lighting	9	9
Street tree planting/irrigation	9	15
Swimming facilities upgrades	25	27
Youth education activities	18	18
Wetlands development	46	46
Trangie Historical Group	1	–
Footpaths	5	–
Playground shade	49	49
Playground Fencing	33	13
Parks Amenities	95	68
Sofffall Establishment	73	67
Irrigation System Establishment	72	32
Sporting Facility Upgrades	146	30
Total internal restrictions	7,690	7,539
TOTAL RESTRICTIONS	21,100	21,497

Narromine Shire 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	623	269	306	345
Interest and extra charges	133	47	86	65
User charges and fees	528	142	239	191
Accrued revenues				
– Interest on investments	110	–	192	–
– Other income accruals	–	–	6	–
Government grants and subsidies	527	–	57	–
Net GST receivable	141	–	141	–
Other debtors	36	–	161	8
Total	2,098	458	1,188	609
Less: provision for impairment				
User charges and fees	(24)	–	–	–
Total provision for impairment – receivables	(24)	–	–	–
<u>TOTAL NET RECEIVABLES</u>	<u>2,074</u>	<u>458</u>	<u>1,188</u>	<u>609</u>
Externally restricted receivables				
Water supply				
– Specific purpose grants	–	–	56	–
– Rates and availability charges	40	24	44	28
– Other	272	178	212	162
Sewerage services				
– Rates and availability charges	86	66	95	52
– Other	178	–	155	–
Domestic waste management	68	43	51	36
Stormwater management	–	–	4	3
Other				
– Unspent grants	466	–	–	–
Total external restrictions	1,110	311	617	281
Internally restricted receivables				
– Unspent grants	–	–	–	–
Internally restricted receivables	–	–	–	–
Unrestricted receivables	964	147	571	328
TOTAL NET RECEIVABLES	2,074	458	1,188	609
Movement in provision for impairment of receivables			2018	2017
Balance at the beginning of the year			–	27
+ new provisions recognised during the year			24	–
– amounts provided for but recovered during the year			–	(27)
Balance at the end of the year			24	–

Narromine Shire 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 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 uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
Inventories at cost				
Real estate for resale (refer below)	471	–	440	–
Stores and materials	543	–	331	–
Total inventories at cost	1,014	–	771	–
TOTAL INVENTORIES	1,014	–	771	–
(b) Other assets				
Prepayments	115	–	7	–
TOTAL OTHER ASSETS	115	–	7	–

Externally restricted assets

There are no restrictions applicable to the above assets.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 8. Inventories and other assets (continued)

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current
Other disclosures					
(a) Details for real estate development					
Residential		404	–	373	–
Industrial/commercial		67	–	67	–
Total real estate for resale		471	–	440	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		313	–	68	–
Development costs		158	–	372	–
Total costs		471	–	440	–
Total real estate for resale		471	–	440	–
Movements:					
Real estate assets at beginning of the year		439	–	556	–
– Purchases and other costs		259	–	–	–
– WDV of sales (expense)	5	(227)	–	(117)	–
Total real estate for resale		471	–	439	–

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

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

	2018	2017
Real estate for resale	471	316
	471	316

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.

Narromine Shire Council

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

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

Asset class	as at 30/6/2017			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	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	3,491	–	3,491	144	–	–	–	(1,438)	–	2,196	–	2,196
Plant and equipment	7,684	4,095	3,589	1,282	–	(571)	(387)	14	–	7,723	3,796	3,927
Office equipment	1,003	387	616	236	24	–	(393)	–	–	1,264	781	483
Furniture and fittings	300	237	63	–	–	–	(17)	–	–	300	254	46
Land:												
– Operational land	3,818	–	3,818	–	–	–	–	–	333	4,150	–	4,150
– Community land	1,874	–	1,874	–	–	–	–	–	(116)	1,758	–	1,758
Infrastructure:												
– Buildings – non-specialised	5,202	2,638	2,564	7	–	–	(147)	–	602	5,573	2,547	3,026
– Buildings – specialised	28,880	13,040	15,840	635	–	–	(617)	145	541	32,721	16,177	16,544
– Other structures	3,074	905	2,169	162	–	–	(104)	13	–	3,249	1,008	2,241
– Roads	226,031	33,772	192,259	2,842	10	–	(2,191)	448	–	229,331	35,964	193,367
– Bridges	24,719	6,129	18,590	805	–	–	(243)	–	–	25,524	6,372	19,152
– Footpaths	3,398	1,543	1,855	6	–	–	(78)	–	–	3,404	1,621	1,783
– Stormwater drainage	20,385	6,711	13,674	39	–	–	(203)	–	–	20,423	6,913	13,510
– Water supply network	24,433	11,486	12,947	1,325	9	–	(616)	517	366	26,932	12,383	14,549
– Sewerage network	26,308	8,068	18,240	16	24	–	(433)	301	381	27,208	8,679	18,529
– Swimming pools	2,601	1,023	1,578	111	–	–	(41)	–	–	2,712	1,065	1,647
– Other open space/recreational assets	3,529	1,770	1,759	59	22	–	(139)	–	–	3,610	1,908	1,702
– Other infrastructure	386	139	247	–	–	–	(10)	–	–	386	149	237
Other assets:												
– Aerodrome	15,681	12,082	3,599	168	–	–	(226)	–	–	15,849	12,308	3,541
– Software	–	–	–	–	449	–	(119)	–	–	449	119	330
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	402,799	104,025	298,774	7,837	538	(571)	(5,964)	–	2,107	414,762	112,044	302,718

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(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	15 to 25	Bulk earthworks	infinite
Sealed roads: structure	20 to 50	Swimming pools	50 to 70
Unsealed roads	10 to 25	Other open space/recreational assets	10 to 100
Bridge: concrete	80 to 100	Other infrastructure	50 to 100
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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 not recognise rural fire service assets including land, buildings, plant and vehicles.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	794	–	794	1,975	–	1,975
Plant and equipment	137	131	6	137	131	6
Land						
– Operational land	673	–	673	673	–	673
Other structures	118	77	41	118	77	41
Infrastructure	26,931	12,383	14,548	24,433	11,486	12,947
Total water supply	28,653	12,591	16,062	27,336	11,694	15,642
Sewerage services						
WIP	586	–	586	–	–	–
Plant and equipment	110	45	65	110	45	65
Land						
– Operational land	226	–	226	226	–	226
Buildings	125	49	76	125	49	76
Other structures	59	25	34	59	25	34
Infrastructure	27,208	8,680	18,528	26,307	8,068	18,239
Total sewerage services	28,314	8,799	19,515	26,827	8,187	18,640
Domestic waste management						
Plant and equipment	401	361	40	401	344	57
Land						
– Community land	98	–	98	98	–	98
Buildings	215	54	161	215	49	166
Other assets	445	123	322	445	111	334
Total DWM	1,159	538	621	1,159	504	655
TOTAL RESTRICTED IPP&E	58,126	21,928	36,198	55,322	20,385	34,937

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	681	–	668	–
Goods and services – capital expenditure	155	–	400	–
Accrued expenses:				
– Borrowings	8	–	6	–
Security bonds, deposits and retentions	25	–	3	–
Other	15	–	16	–
Total payables	884	–	1,094	–
Income received in advance				
Payments received in advance	186	–	166	–
Total income received in advance	186	–	166	–
Borrowings				
Loans – secured ¹	385	2,494	351	2,691
Total borrowings	385	2,494	351	2,691
TOTAL PAYABLES AND BORROWINGS	1,455	2,494	1,611	2,691

(a) Payables and borrowings relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

(b) 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	3,042	(363)	200	–	–	2,879
TOTAL	3,042	(363)	200	–	–	2,879

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 17.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Payables and borrowings (continued)

\$ '000	2018	2017
(c) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Credit cards/purchase cards	60	56
Total financing arrangements	60	56
Undrawn facilities as at balance date:		
– Credit cards/purchase cards	60	56
Total undrawn financing arrangements	60	56

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

Accounting policy for payables and borrowings**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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	696	–	632	–
Long service leave	1,059	56	1,104	53
Other leave	6	–	37	–
<u>TOTAL PROVISIONS</u>	<u>1,761</u>	<u>56</u>	<u>1,774</u>	<u>53</u>

(a) Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

\$ '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	1,115	1,173
	<u>1,115</u>	<u>1,173</u>

(c) Description of and movements in provisions

2018	ELE provisions			
	Annual leave	Long service leave	Other employee benefits	Total
At beginning of year	632	1,157	37	1,827
Additional provisions	567	80	(20)	627
Amounts used (payments)	(503)	(122)	(11)	(636)
Total ELE provisions at end of year	696	1,115	6	1,817

2017	ELE provisions			
	Annual leave	Long service leave	Other employee benefits	Total
At beginning of year	657	1,249	44	1,950
Additional provisions	408	151	(7)	553
Amounts used (payments)	(433)	(243)		(676)
Total ELE provisions at end of year	632	1,157	37	1,827

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Provisions (continued)

Accounting policy for provisions

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

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

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

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

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Note 13. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	1,035	3,833
Balance as per the Statement of Cash Flows		1,035	3,833
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		2,845	5,650
Adjust for non-cash items:			
Depreciation and amortisation		5,964	4,991
Net losses/(gains) on disposal of assets		(157)	(76)
Share of net (profits) or losses of associates/joint ventures		(37)	(34)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(759)	86
Increase/(decrease) in provision for doubtful debts		24	(27)
Decrease/(increase) in inventories		(212)	(13)
Decrease/(increase) in other assets		(108)	2
Increase/(decrease) in payables		13	448
Increase/(decrease) in accrued interest payable		2	(2)
Increase/(decrease) in other accrued expenses payable		(1)	(10)
Increase/(decrease) in other liabilities		41	34
Increase/(decrease) in employee leave entitlements		(10)	(123)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		7,605	10,926

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Interests in other entities

\$ '000

	Council's share of net income		Council's share of net assets	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
Joint ventures	37	34	288	251
Total	37	34	288	251

Joint arrangements

Joint ventures

Council has incorporated the following joint ventures into its consolidated financial statements.

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2018	2017
Macquarie Regional Library	Joint Venture	Equity Method	288	251
Total carrying amounts – material joint ventures			288	251

(b) Details

Name of entity	Principal activity	Place of business
Macquarie Regional Library	Provision of Library Services	Narromine

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2018	2017	2018	2017	2018	2017	2018	2017
Macquarie Regional Library	n/a	n/a	14%	13%	14%	13%	25%	25%

(d) Summarised financial information for joint ventures

	Macquarie Regional Library	
Statement of financial position	2018	2017
Current assets		
Cash and cash equivalents	1,930	1,653
Other current assets	31	83
Non-current assets	1,128	992
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	311	189
Other current liabilities	698	682
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	32	29
Net assets	2,048	1,828

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Interests in other entities (continued)

\$ '000

Joint arrangements (continued)

(d) Summarised financial information for joint ventures (continued)

	Macquarie Regional Library	
	2018	2017
Reconciliation of the carrying amount		
Opening net assets (1 July)	1,828	1,561
Profit/(loss) for the period	221	267
Closing net assets	2,049	1,828
Council's share of net assets (%)	14.1%	13.7%
Council's share of net assets (\$)	288	251
Statement of comprehensive income		
Income	2,883	2,921
Interest income	45	37
Depreciation and amortisation	(331)	(313)
Other expenses	(2,376)	(2,378)
Profit/(loss) for period	221	267
Total comprehensive income	221	267
Share of income – Council (%)	16.7%	12.6%
Profit/(loss) – Council (\$)	37	34
Total comprehensive income – Council (\$)	37	34

Accounting policy for joint arrangements

Joint ventures

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

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

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

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	286	767
Sports field redevelopment	918	–
Total commitments	1,204	767
These expenditures are payable as follows:		
Within the next year	1,204	767
Total payable	1,204	767
Sources for funding of capital commitments:		
Unrestricted general funds	386	767
Future grants and contributions	818	–
Total sources of funding	1,204	767

(b) Operating lease commitments (non-cancellable)**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	15	18
Later than one year and not later than 5 years	7	7
Total non-cancellable operating lease commitments	22	25

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

Council utilises computer and copier equipment assets under operating lease.

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. 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.

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

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

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB 119. 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.

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

(i) Defined benefit superannuation contribution plans (continued)

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 employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2018 was \$135,294.67. The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December, relating to the period ended 30 June 2017.

The expected contributions to the Fund for the next annual reporting period are \$132,396.12.

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

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 0.17% 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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(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.

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) Remediation of tips

The rehabilitation of Council's tips is being considered by Council, with a long term plan being developed. Council is of the view that the cost of any rehabilitation work is not material to the accounts nor can reliably be measured.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. 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	1,035	3,833	1,035	3,833
Investments				
– 'Held to maturity'	23,320	21,000	23,320	21,000
Receivables	2,532	1,797	2,532	1,797
Total financial assets	26,887	26,630	26,887	26,630
Financial liabilities				
Payables	884	1,094	884	1,094
Loans/advances	2,879	3,042	2,879	3,042
Total financial liabilities	3,763	4,136	3,763	4,136

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. 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 1% movement in interest rates	210	210	(210)	(210)
2017				
Possible impact of a 1% movement in interest rates	212	212	(212)	(212)

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. 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)	0%	34%	0%	34%
Overdue	100%	66%	100%	66%
	100%	100%	100%	100%

(ii) Ageing of receivables – value**Rates and annual charges**

	2018	2017
< 1 year overdue	245	393
1 – 2 years overdue	325	258
	892	651

Other receivables

Current	1,135	–
0 – 30 days overdue	419	583
31 – 60 days overdue	14	151
61 – 90 days overdue	85	355
> 91 days overdue	11	57
	1,664	1,146

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. 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	0.00%	25	859	–	–	884	884
Loans and advances	3.47%	–	495	2,345	487	3,327	2,879
Total financial liabilities		25	1,354	2,345	487	4,211	3,763
2017							
Trade/other payables	0.00%	3	1,091	–	–	1,094	1,094
Loans and advances	3.47%	–	471	1,820	1,239	3,530	3,042
Total financial liabilities		3	1,562	1,820	1,239	4,624	4,136

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 28 June 2017 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	8,117	8,331	214	3%	F
User charges and fees	2,987	2,988	1	0%	F
Interest and investment revenue	457	637	180	39%	F
Delay in capital works resulted in more funds invested in interest bearing deposits.					
Other revenues	481	532	51	11%	F
Increase of Rates legal fees recovered, increase insurance claims proceeds, transfer of leave entitlements from another Council all led to increased Other Revenue.					
Operating grants and contributions	7,318	8,053	735	10%	F
Capital grants and contributions	2,468	2,831	363	15%	F
Receipt of Stronger Country Communities, Fixing Country Truck washes and Community Building Partnership grants.					
Net gains from disposal of assets	200	157	(43)	(22%)	U
Less residential lots sold.					
Joint ventures and associates - net profits	-	37	37	0%	F

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	6,631	7,075	(444)	(7%)	U
Borrowing costs	121	101	20	17%	F
Borrowing costs were lower due to loans being drawn down later than expected					
Materials and contracts	5,296	4,686	610	12%	F
Minor reduction in materials consumed on Regional Roads, Rural Roads.					
Depreciation and amortisation	4,795	5,964	(1,169)	(24%)	U
Depreciation expense was higher due to the increased valuations of Council's Water and Sewer infrastructure assets revalued at the end of last financial year.					
Other expenses	2,740	2,895	(155)	(6%)	U

Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	7,887	7,605	(282)	(3.6%)	U
Cash flows from investing activities	(11,887)	(10,240)	1,647	(13.9%)	F
Capital expenditure was below budget due to delay in grant receipts.					
Cash flows from financing activities	(185)	(163)	22	(11.9%)	F

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

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					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/14	–	–	3,927	3,927
Office equipment	30/06/14	–	–	483	483
Furniture and fittings	30/06/14	–	–	46	46
Operational land	30/06/18	–	–	4,150	4,150
Community land	30/06/18	–	–	1,758	1,758
Buildings – non-specialised	30/06/18	–	–	3,026	3,026
Buildings – specialised	30/06/18	–	–	16,544	16,544
Other structures	30/06/14	–	–	2,241	2,241
Roads	30/06/15	–	–	193,367	193,367
Bridges	30/06/15	–	–	19,152	19,152
Footpaths	30/06/15	–	–	1,783	1,783
Stormwater drainage	30/06/15	–	–	13,510	13,510
Water supply network	30/06/17	–	–	14,549	14,549
Sewerage network	30/06/17	–	–	18,529	18,529
Swimming pools	30/06/14	–	–	1,647	1,647
Other open space/recreational assets	30/06/14	–	–	1,702	1,702
Other infrastructure	30/06/15	–	–	237	237
Aerodrome	30/06/14	–	–	3,541	3,541
Total infrastructure, property, plant and equipment		–	–	300,192	300,192

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/14	—	—	3,589	3,589
Office equipment	30/06/14	—	—	616	616
Furniture and fittings	30/06/14	—	—	63	63
Operational land	30/06/13	—	—	3,818	3,818
Community land	30/06/16	—	—	1,874	1,874
Buildings – non-specialised	30/06/12	—	—	2,564	2,564
Buildings – specialised	30/06/12	—	—	15,840	15,840
Other structures	30/06/14	—	—	2,169	2,169
Roads	30/06/15	—	—	192,259	192,259
Bridges	30/06/15	—	—	18,590	18,590
Footpaths	30/06/15	—	—	1,855	1,855
Stormwater drainage	30/06/15	—	—	13,674	13,674
Water supply network	30/06/17	—	—	12,947	12,947
Sewerage network	30/06/17	—	—	18,240	18,240
Swimming pools	30/06/14	—	—	1,578	1,578
Other open space/recreational assets	30/06/14	—	—	1,759	1,759
Other infrastructure	30/06/15	—	—	247	247
Aerodrome	30/06/14	—	—	3,599	3,599
Total infrastructure, property, plant and equipment		—	—	295,281	295,281

(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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. 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:

Infrastructure, property, plant and equipment (IPP&E)

Plant and equipment, office equipment and furniture and 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, with depreciation rates applicable to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors, mowers and motor vehicles.
- Office Equipment - Computer Servers, surveillance equipment, Software, photocopiers, radio equipment etc.
- Furniture & Fittings - Desks, Cabinets, Ergonomic chairs

Operational and community land

Operational Land is based on the Land Value provided by an external Valuer in 2018.

It is based on average unit rate based on the Land Value for similar properties, having regard to the highest and best use for the land. Operational Land is based on the Valuer land value of the actual market values in the Narromine Shire LGA. Community Land has been valued in 2017 using valuations of the Valuer General.

Buildings – non-specialised and specialised

Non-Specialised & Specialised Buildings values were provided by an external Valuer in 2018. The approach estimated the replacement cost for each building by componentising the building into significant parts. While all buildings were physically inspected and the unit rates based on square metres no market based evidence (Level 2) could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs.

Other structures

Other Structures comprise of Telemetry Systems, and components related to Cemetery, sale yards, waste facilities, and the family day care etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using Level 3 valuation inputs.

Roads

Roads Externally valued during 14/15 by AssetVal Pty Ltd, major changes include giving road pavement and Seal a long life and a short life component, and seperating the floodways which have shorter lives
Market based evidence (level 2) were used for Gravel pavement, Seal, Culverts, Footpath, and K&G

Bridges

Bridges Externally valued during 14/15 by AssetVal Pty Ltd, major changes include componitising bridges from one asset into components, Substructure, superstructure, abutments ect
Major Culverts over 6m long were considered bridges and transfered from stormwater into bridges.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

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

Footpaths

Footpaths Externally valued during 14/15 by AssetVal Pty Ltd, Market based evidence (level 2) were used for concrete Footpaths and cycleways

Stormwater drainage

Stormwater externally valued during 14/15 by AssetVal Pty Ltd, with previously unaccounted for assets now valued Market based evidence (level 2) were used for culverts, and K&G

Water supply network

Assets in this class comprise of pipes, valves, pumps, bores, and reservoirs. The Water Network values were provided by an external Valuer in 2017. The unit rates are based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other 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. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Sewerage network

Assets in this class comprise of Treatment Plants, Pumping stations, sewerage pipelines and Manholes. The Sewerage Network values were provided by an external Valuer in 2017. The unit rates are based on linear metres of certain diameter pipes and prices per treatment item or similar may be supported from market evidence (Level 2) other 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. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Open space recreation

Assets within this class comprise playground equipment, softfall surfaces, shade structures, irrigation, fencing, lighting, furniture, sculptures and monuments etc. All assets were valued in-house based on actual costs where known or estimates based on material, size, condition, and linear length and prices per item or similar could be supported from market evidence (Level 2) other 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.

Aerodrome

Assets within this class comprise the Aerodrome sealed runways at Narromine, and the unsealed airstrip at Trangie along with associated furniture, signage, lighting, fencing, and control structures. All assets were valued in-house based on actual costs where known or estimates based on material, size, condition, and linear length and prices per item or if similar could be supported from market evidence (Level 2) other 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.

Swimming pools

Assets within this class comprise the 50m 8 lane outdoor pool, and childrens pool at Narromine, and the 25m outdoor pool at Trangie with associated furniture, filtration systems etc. All assets were valued in-house based on actual costs where known or estimates based on material, size, condition, and linear length and prices per item or similar could be supported from market evidence (Level 2) other 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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. 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	3,595	411	82	4,479	8,567
Purchases (GBV)	408	254	8	–	670
Disposals (WDV)	(48)	–	–	–	(48)
Depreciation and impairment	(348)	(46)	(18)	–	(412)
Other movement (Reclassifications)	(18)	(3)	(9)	(661)	(692)
Closing balance – 30/6/17	3,589	616	63	3,818	8,085
Purchases (GBV)	1,296	260	–	–	1,556
Disposals (WDV)	(571)	–	–	–	(571)
Depreciation and impairment	(387)	(393)	(17)	–	(797)
Revaluation increment	–	–	–	332	332
Closing balance – 30/6/18	3,927	483	46	4,150	8,605
	Community Land		Buildings - Non- specialised	Buildings Specialised	Total
Opening balance – 1/7/16	1,874	–	2,696	16,424	20,994
Purchases (GBV)	–	–	20	116	136
Depreciation and impairment	–	–	(152)	(620)	(772)
Other movement (Reclassifications)	–	–	–	(80)	(80)
Closing balance – 30/6/17	1,874	–	2,564	15,840	20,278
Purchases (GBV)	–	–	7	780	787
Depreciation and impairment	(116)	–	(146)	(617)	(879)
Revaluation	–	–	601	541	1,142
Closing balance – 30/6/18	1,758	–	3,026	16,544	21,328

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. 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)

	Other Structures	Roads	Bridges	Footpaths	Total
Opening balance – 1/7/16	2,262	191,471	18,826	1,849	214,408
Purchases (GBV)	201	3,092	–	12	3,305
Depreciation and impairment	(98)	(2,278)	(242)	(78)	(2,696)
Other movement (Reclassifications)	(196)	(26)	5	72	(145)
Closing balance – 30/6/17	2,169	192,259	18,590	1,855	214,873
Purchases (GBV)	175	3,300	805	6	4,286
Depreciation and impairment	(103)	(2,192)	(243)	(78)	(2,616)
Closing balance – 30/6/18	2,241	193,367	19,152	1,783	216,543

	Stormwater drainage	Water supply network	Sewerage network	Swimming pools	Total
Opening balance – 1/7/16	13,878	7,122	17,781	1,618	40,399
Purchases (GBV)	31	887	289	–	1,207
Depreciation and impairment	(202)	(140)	(337)	(41)	(719)
Other movement (Reclassifications)	(33)	5,079	506	1	5,553
Closing balance – 30/6/17	13,674	12,947	18,240	1,578	46,440
Purchases (GBV)	39	1,851	341	110	2,341
Depreciation and impairment	(203)	(615)	(433)	(41)	(1,292)
Revaluation	–	366	381	–	747
Closing balance – 30/6/18	13,510	14,549	18,529	1,647	48,236

	Other open space/recreational	Other infrastructure	Aerodrome	Total
Opening balance – 1/7/16	1,866	258	3,794	5,918
Purchases (GBV)	17	(0)	4	20
Depreciation and impairment	(123)	(10)	(257)	(391)
Other movement (Reclassifications)	–	–	58	58
Closing balance – 30/6/17	–	1,759	247	5,605
Purchases (GBV)	–	82	–	250
Depreciation and impairment	–	(139)	(10)	(375)
Closing balance – 30/6/18	–	1,702	237	5,480

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

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

b. The valuation process for level 3 fair value measurements

Fair Value- Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount.

The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

'Market Approach': A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

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 (i.e. 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: Level 2 valuation process for some asset classes where the basis was Cost Approach under level 2 input which were determined based on, whereby maximising observable inputs and minimising unobservable inputs as below:

- Quoted prices for similar asset in active markets
- Current replacement cost concept
- Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach, The inputs used for this technique were:

- Pattern of consumption
- Residual Value
- Asset Condition
- Unit rates
- Useful life

(5). Highest and best use

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

Narramine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions

a. Key management personnel

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

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

	2018	2017
Compensation:		
Short-term benefits	1,309,294	858,142
Post-employment benefits	109,874	75,101
Other long-term benefits	2,475	14,642
Termination benefits	–	264,803
Total	1,421,643	1,212,688

Narramine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. 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	Ref	Value of transactions during year		Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
		Actual \$	Actual \$				
2018							
Office Supplies	1	14,805	–	–	30 days	–	–
2017							
Office Supplies	1	11,195	–	–	30 days	–	–
Plant Hire	2	109,839	–	–	30 days	–	–

- 1 Council makes ad hoc purchases from Stationery Store Online, a company which is controlled by a member of the KMP of the council. The total annual contract value is around \$15,000 and purchases are made in accordance with the Procurement policy and based on market rates.
- 2 Council hired plant and equipment during the year from McCutcheon Agri Trust, a trust which has a KMP as an interest. Amounts were billed based on normal rates for such supplies and services and were due and payable under normal payment terms following the Council's procurement process.

Narramine Shire Council

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

Note 20. Related party transactions (continued)

c. Other related party transactions

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
	Actual \$	Actual \$		Actual \$	Actual \$
2018					
Library Services	Ref 3 382,139	—	30 days	—	—
2017					
Library Services	Ref 3 316,500	—	30 days	—	—

3 Council has joined with Western Plains Regional Council and Warrumbungle Shire Council to form a Joint Venture arrangement called Macquarie Regional Library. Council contributes a proportion of the costs of the entity and receives a share of profits and net assets.

Narramine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. 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	10	-	-	-	-	-	10	-
Roads	8	-	-	-	-	-	8	-
Open space	26	-	-	-	-	-	26	-
Community facilities	165	-	-	-	-	-	165	-
S7.11 contributions – under a plan	209	-	-	-	-	-	209	-
S7.12 levies – under a plan	-	50	-	-	-	-	50	-
Total S7.11 and S7.12 revenue under plans	209	50	-	-	-	-	259	-
S64 contributions	211	-	-	5	-	-	216	-
Total contributions	420	50	-	5	-	-	475	-

Narramine Shire Council

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

Note 21. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION 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	10	-	-	-	-	-	10	-
Roads	8	-	-	-	-	-	8	-
Open space	26	-	-	-	-	-	26	-
Community facilities	165	-	-	-	-	-	165	-
Total	209	-	-	-	-	-	209	-

S7.12 LEVIES – 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					
Other	-	50	-	-	-	-	50	-
Total	-	50	-	-	-	-	50	-

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. 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	627	1,084	6,620
User charges and fees	1,305	350	1,333
Interest and investment revenue	102	70	465
Other revenues	16	–	516
Grants and contributions provided for operating purposes	20	19	8,014
Grants and contributions provided for capital purposes	211	–	2,620
Other income			
Net gains from disposal of assets	–	–	157
Share of interests in joint ventures and associates using the equity method	–	–	37
Total income from continuing operations	2,281	1,523	19,762
Expenses from continuing operations			
Employee benefits and on-costs	460	181	6,434
Borrowing costs	–	–	101
Materials and contracts	770	553	3,363
Depreciation and amortisation	616	433	4,915
Other expenses	–	–	2,895
Total expenses from continuing operations	1,846	1,167	17,708
Operating result from continuing operations	435	356	2,054
Net operating result attributable to each council fund	435	356	2,054
Net operating result for the year before grants and contributions provided for capital purposes	224	356	(566)

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.

Narromine Shire Council

Notes to the Financial Statements

as at 30 June 2018

Note 22. 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	1,772	3,678	(4,415)
Investments	2,431	1,835	19,054
Receivables	313	264	1,497
Inventories	–	–	1,014
Total current assets	4,516	5,777	17,265
Non-current assets			
Receivables	202	66	190
Infrastructure, property, plant and equipment	16,062	19,515	267,141
Investments accounted for using the equity method	–	–	288
Total non-current assets	16,264	19,581	267,619
TOTAL ASSETS	20,780	25,358	284,884
LIABILITIES			
Current liabilities			
Payables	–	–	884
Borrowings	–	–	385
Provisions	–	–	1,761
Total current liabilities	–	–	3,216
Non-current liabilities			
Borrowings	–	–	2,494
Provisions	–	–	56
Total non-current liabilities	–	–	2,550
TOTAL LIABILITIES	–	–	5,766
Net assets	20,780	25,358	279,118
EQUITY			
Accumulated surplus	11,423	10,169	111,098
Revaluation reserves	9,357	15,189	168,020
Total equity	20,780	25,358	279,118

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>(180)</u>	-0.88%	18.72%	11.73%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	20,541				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>12,488</u>	53.43%	47.89%	52.18%	> 60.00%
Total continuing operating revenue ⁽¹⁾	23,372				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>12,567</u>	5.98x	5.38x	5.63x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	2,101				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>5,885</u>	12.68x	19.96x	14.59x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	464				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>1,072</u>	11.61%	9.20%	8.10%	< 10% regional & rural
Rates, annual and extra charges collectible	9,231				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>24,355</u>	18.93 mths	19.9 mths	16.8 mths	> 3 mths
Payments from cash flow of operating and financing activities	1,286				

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 10 and 11.

⁽⁴⁾ Refer to Note 10(b) and 11(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Narramine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
\$ '000							
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses	-4.48%	17.75%	10.82%	25.87%	23.37%	23.91%	> 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	45.76%	40.98%	89.87%	84.43%	97.44%	98.60%	> 60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾	5.98x	5.38x	No liabilities	No liabilities	No liabilities	No liabilities	> 1.5x
Current liabilities less specific purpose liabilities ^(3,4)							

Notes

(1) - (4) Refer to Notes at Note 23a above.

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

Narramine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
\$ '000							
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	9.17x	17.33x	0.00x	0.00x	0.00x	0.00x	> 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	11.46%	8.13%	9.45%	14.91%	14.02%	13.84%	< 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	16.84	17.97	17.27	14.92	60.21	61.86	> 3 months
Payments from cash flow of operating and financing activities	x12	x12	months	months	months	months	

Notes

(1) Refer to Notes at Note 23a above.

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

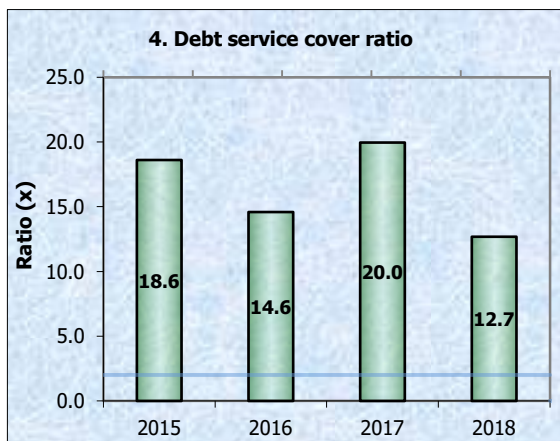
Note 23(c). Statement of performance measures – consolidated results (graphs)

<p>1. Operating performance ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>5%</td> </tr> <tr> <td>2016</td> <td>12%</td> </tr> <tr> <td>2017</td> <td>19%</td> </tr> <tr> <td>2018</td> <td>-1%</td> </tr> </tbody> </table> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	Year	Ratio %	2015	5%	2016	12%	2017	19%	2018	-1%	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio -0.88%</p> <p>The Operating performance ratio measures how well Council contained its operating expenditure within operating revenue. The benchmark set by OLG is greater than 0%, Council had a ratio of -0.87%. Last year was overstated due to the advance receipt of the FAGS grant of around \$2.0m.</p>
Year	Ratio %											
2015	5%											
2016	12%											
2017	19%											
2018	-1%											
<p>2. Own source operating revenue ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>58%</td> </tr> <tr> <td>2016</td> <td>52%</td> </tr> <tr> <td>2017</td> <td>48%</td> </tr> <tr> <td>2018</td> <td>53%</td> </tr> </tbody> </table> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	Year	Ratio %	2015	58%	2016	52%	2017	48%	2018	53%	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 53.43%</p> <p>The Own source ratio measures Council's dependence on external funding. The benchmark set by OLG is 60%, Council is unfavourably under this level.</p>
Year	Ratio %											
2015	58%											
2016	52%											
2017	48%											
2018	53%											
<p>3. Unrestricted current ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>4.2</td> </tr> <tr> <td>2016</td> <td>5.6</td> </tr> <tr> <td>2017</td> <td>5.4</td> </tr> <tr> <td>2018</td> <td>6.0</td> </tr> </tbody> </table> <p>Benchmark: — Minimum ≥ 1.50 Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	Year	Ratio (x)	2015	4.2	2016	5.6	2017	5.4	2018	6.0	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 5.98x</p> <p>The Unrestricted ratio measures Council's ability to meet short term obligations as they fall due. OLG's benchmark is greater than 1.5 times. Council is favourably above this ratio at 7.55 times.</p>
Year	Ratio (x)											
2015	4.2											
2016	5.6											
2017	5.4											
2018	6.0											

Narromine Shire Council

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

Note 23(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

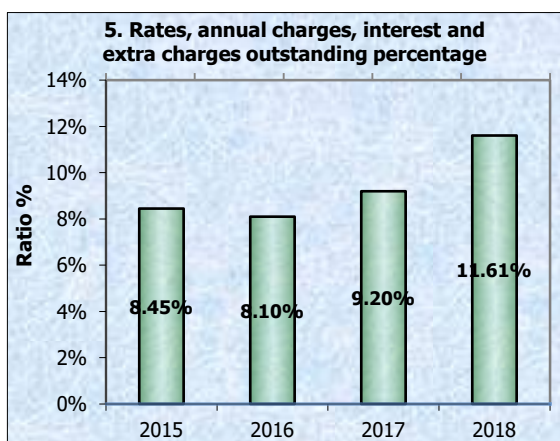
Commentary on 2017/18 result

2017/18 ratio 12.68x

The Debt service cover ratio measures Council's ability to service its debt. Council's operating cashflow is favourably above the OLG benchmark of 2 times.

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.

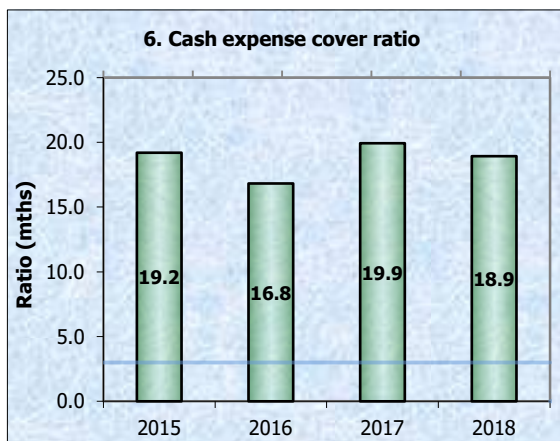
Commentary on 2017/18 result

2017/18 ratio 11.61%

The Rates and charges outstanding ratio benchmark for rural councils of 10% is set by OLG. Council is marginally above due to drought conditions.

Benchmark: Maximum << 10% region;
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 18.93 mths

Cash expense ratio indicates the number of months council can continue to pay for its immediate expenses without additional cash inflow. The benchmark for rural councils is 3 months which Council favourably exceeds.

Benchmark: Minimum >=3.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24. Council information and contact details

Principal place of business:

124 Dandaloo Street
Narromine NSW 2821

Contact details**Mailing address:**

PO Box 115
Narromine NSW 2821

Opening hours:

M-F 8:30 am to 5:00 pm

Telephone: 02 6889 9999

Facsimile: 02 6889 9998

Internet: www.narromine.nsw.gov.au

Email: council@council.nsw.gov.au

Officers**GENERAL MANAGER**

Jane Redden

Elected members**MAYOR**

Craig Davies

RESPONSIBLE ACCOUNTING OFFICER

John Sevil

AUDITORS

Audit Office of NSW
Level 15
1 Margaret Street
Sydney
NSW 2000

Other information

ABN: 99 352 328 405



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial report
Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying financial report of Narromine Shire 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 18 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 dark ink, appearing to read "David Nolan", with a long horizontal flourish extending to the right.

David Nolan
Director, Financial Audit Services

30 October 2018
SYDNEY

Councillor Craig Davies
 Mayor
 Narromine Shire Council
 PO Box 115
 NARROMINE NSW 2821

Contact: David Nolan
 Phone no: 02 9275 7377
 Our ref: D1826628/1769

30 October 2018

Dear Mayor

Report on the Conduct of the Audit
for the year ended 30 June 2018
Narromine Shire Council

I have audited the general purpose financial statements of Narromine Shire 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	8.3	8.0	↑ 3.4
Grants and contributions revenue	10.9	12.7	↓ 14.2
Operating result for the year	2.8	5.7	↓ 50.9
Net operating result before capital amounts	0.014	4.5	↓ 99.8

Council's operating result (\$2.8 million including the effect of depreciation expense of \$6 million) was \$2.9 million lower than the 2016–17 result. The decrease from the previous period is mainly due to reduced funding from grants and contributions and increased depreciation charges.

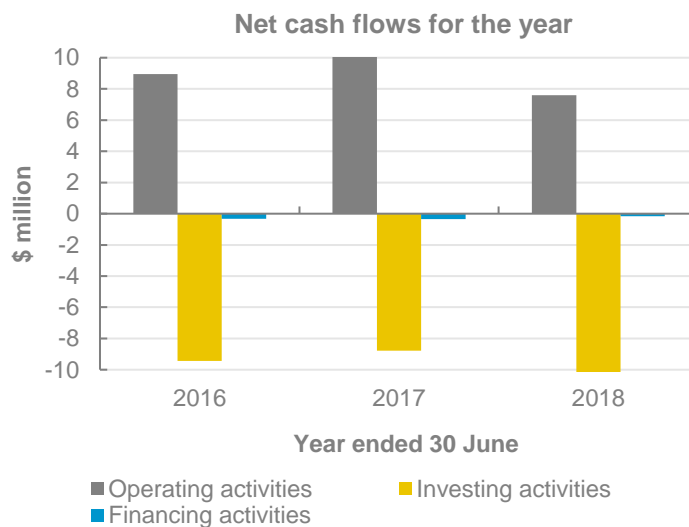
The net operating result before capital grants and contributions (\$14,000) was \$4.5 million lower than the 2016–17 result due a reduction in operating grants and increased depreciation charges.

Rates and annual charges revenue (\$8.3 million) increased by \$0.3 million (3.8 per cent) in 2017–2018.

Grants and contributions revenue (\$10.9 million) decreased by \$1.8 million (14.2 per cent) in 2017–2018 due to the timing of financial assistance grants received over the past two years.

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 \$2.8 million to \$1 million at the close of the year.
- The decrease can be attributed to holding more funds in term deposits rather than cash.



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	13.4	14.0	• External restrictions include unspent specific purpose grants, contributions and domestic waste charges, and water and sewerage funds.
Internal restrictions	7.7	7.5	
Unrestricted	3.3	3.3	• Balances are internally restricted due to Council policy or decisions for forward plans including works program. • Unrestricted balances provide liquidity for day-to-day operations.
Cash and investments	24.4	24.8	

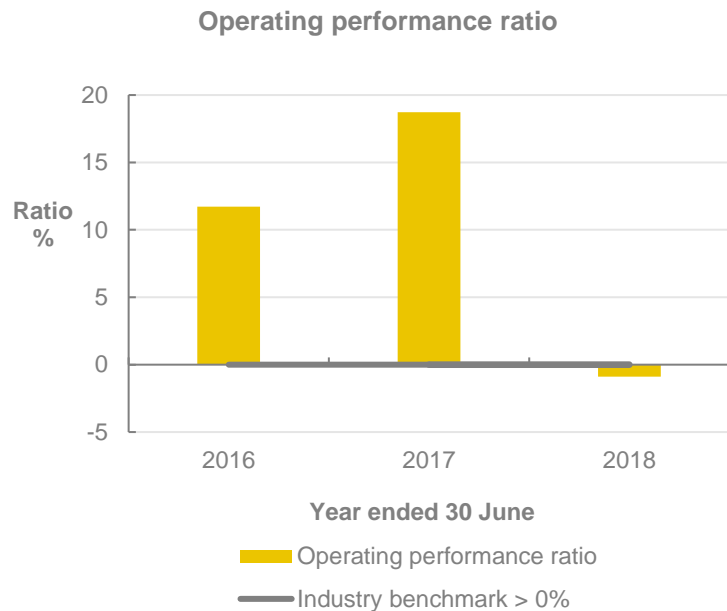
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 23 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 -0.88 per cent was below the industry benchmark.
- The variance from the previous year is due to the reduced operating result noted above.

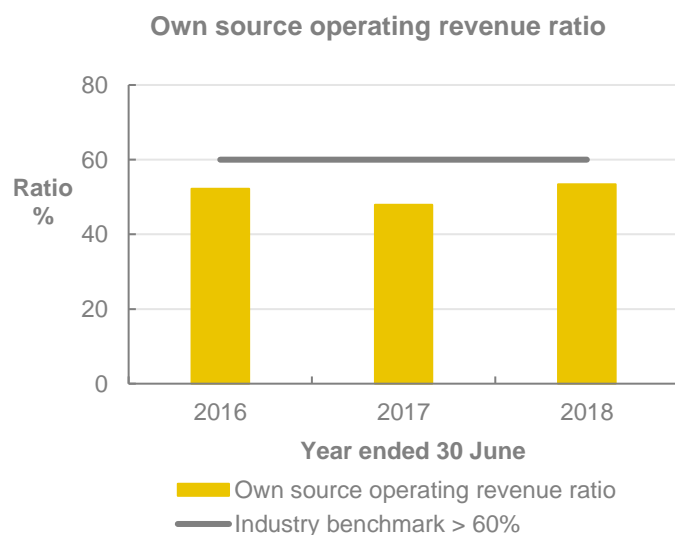
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

- Council's own source operating revenue ratio of 53.43 per cent was below the industry benchmark.
- This indicator would increase with the inclusion of the financial assistance grant.

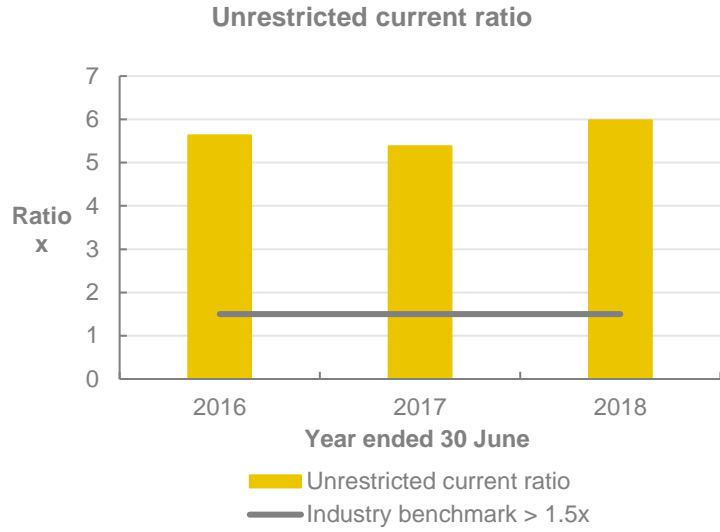
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- This ratio indicated that Council currently had 5.98 times of unrestricted assets available to service every one dollar of its unrestricted current liabilities. This exceeded the industry benchmark.

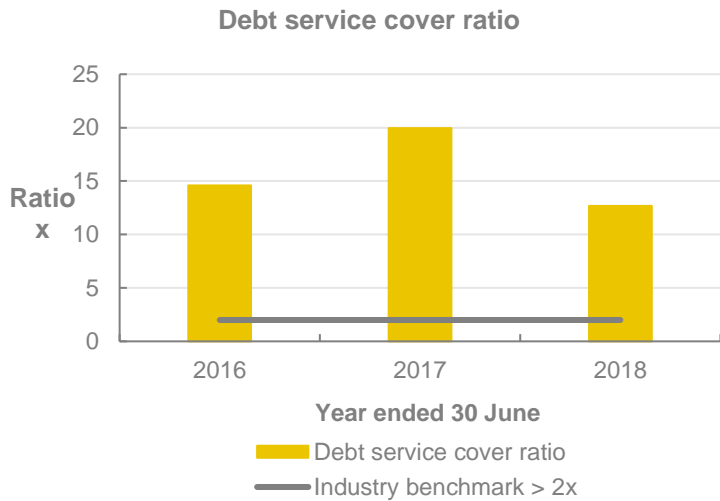
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- The debt service cover ratio of 12.68 times exceeded the industry benchmark.
- The variance from the previous is a reflection of the reduced operating result for 2017-18.

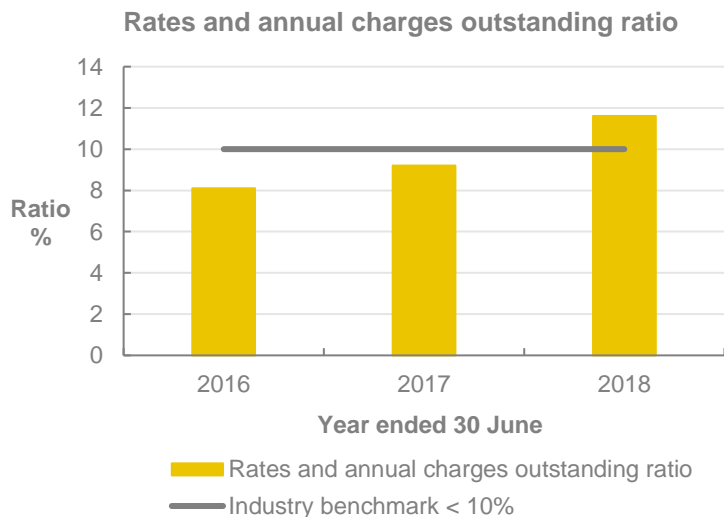
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- Council's outstanding rates and charges ratio of 11.61 per cent was outside of the industry benchmark.
- Management attribute the deterioration of this ratio to hardship caused by the drought.

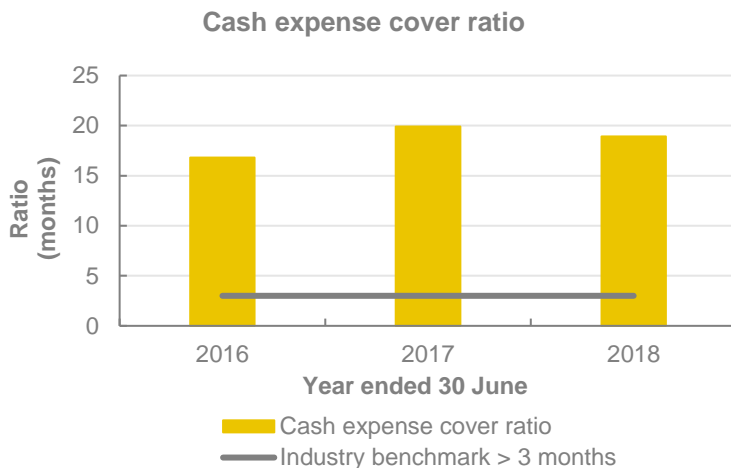
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

- Council's cash expense cover ratio of 18.93 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.

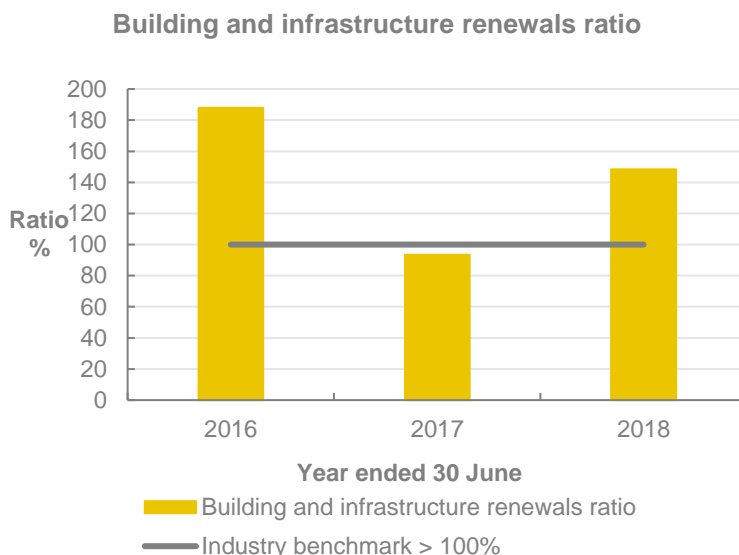


Building and infrastructure renewals ratio (unaudited)

- Council's building and infrastructure renewals ratio of 148.4 per cent exceeded the industry benchmark.

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

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 10(b).

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: Ms Jane Redden, General Manager
Tim Hurst, Chief Executive of the Office of Local Government

Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

*To enhance our Shire's image, lifestyle and
environment through effective leadership, community
involvement and commitment to service.*



Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	6
3. Notes to the Special Purpose Financial Statements	7
4. Auditor's Report	17

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).
-

Narromine Shire Council
Special Purpose Financial Statements

For the financial 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 Office 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 20.08.18.



Craig Davies
Mayor
20/08/18



James Craft
Councillor
20/08/18



Jane Redden
General Manager
20/08/18



John Sevil
Responsible Accounting Officer
20/08/18

Narromine Shire Council

Income Statement of Council's Water Supply Business Activity
for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	627	469
User charges	1,255	1,080
Fees	50	17
Interest	102	106
Grants and contributions provided for non-capital purposes	20	21
Other income	16	4
Total income from continuing operations	2,070	1,697
Expenses from continuing operations		
Employee benefits and on-costs	460	192
Materials and contracts	770	830
Depreciation, amortisation and impairment	616	130
Other expenses	–	106
Total expenses from continuing operations	1,846	1,258
Surplus (deficit) from continuing operations before capital amounts	224	439
Grants and contributions provided for capital purposes	211	288
Surplus (deficit) from continuing operations after capital amounts	435	727
Surplus (deficit) from all operations before tax	435	727
Less: corporate taxation equivalent (30%) [based on result before capital]	(67)	(132)
SURPLUS (DEFICIT) AFTER TAX	368	595
Plus opening retained profits	10,988	10,261
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	67	132
Closing retained profits	11,423	10,988
Return on capital %	1.4%	2.8%
Subsidy from Council	198	–
Calculation of dividend payable:		
Surplus (deficit) after tax	368	595
Less: capital grants and contributions (excluding developer contributions)	(74)	(151)
Surplus for dividend calculation purposes	294	444
Potential dividend calculated from surplus	147	222

Narromine Shire Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	1,084	1,054
User charges	322	247
Liquid trade waste charges	13	17
Fees	15	2
Interest	70	75
Interest – internal loan to general fund	–	2
Grants and contributions provided for non-capital purposes	19	20
Other income	–	9
Total income from continuing operations	1,523	1,426
Expenses from continuing operations		
Employee benefits and on-costs	181	159
Materials and contracts	553	538
Depreciation, amortisation and impairment	433	337
Other expenses	–	51
Total expenses from continuing operations	1,167	1,085
Surplus (deficit) from continuing operations before capital amounts	356	341
Surplus (deficit) from continuing operations after capital amounts	356	341
Surplus (deficit) from all operations before tax	356	341
Less: corporate taxation equivalent (30%) [based on result before capital]	(107)	(102)
SURPLUS (DEFICIT) AFTER TAX	249	239
Plus opening retained profits	9,813	9,472
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	107	102
Closing retained profits	10,169	9,813
Return on capital %	1.8%	1.8%
Subsidy from Council	157	103
Calculation of dividend payable:		
Surplus (deficit) after tax	249	239
Less: capital grants and contributions (excluding developer contributions)	73	73
Surplus for dividend calculation purposes	322	312
Potential dividend calculated from surplus	161	156

Narromine Shire Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	1,772	1,405
Investments	2,431	2,431
Receivables	313	312
Total current assets	4,516	4,148
Non-current assets		
Receivables	202	190
Infrastructure, property, plant and equipment	16,062	15,642
Total non-current assets	16,264	15,832
TOTAL ASSETS	20,780	19,980
LIABILITIES		
Nil		
NET ASSETS	20,780	19,980
EQUITY		
Accumulated surplus	11,423	10,988
Revaluation reserves	9,357	8,992
TOTAL EQUITY	20,780	19,980

Narromine Shire Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	3,678	3,856
Investments	1,835	1,823
Receivables	264	250
Total current Assets	5,777	5,929
Non-current assets		
Receivables	66	52
Infrastructure, property, plant and equipment	19,515	18,640
Total non-current assets	19,581	18,692
TOTAL ASSETS	25,358	24,621
LIABILITIES		
Current liabilities		
Payables	-	-
Total current liabilities	-	-
Non-current liabilities		
Nil	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	25,358	24,621
EQUITY		
Accumulated surplus	10,169	9,813
Revaluation reserves	15,189	14,808
TOTAL EQUITY	25,358	24,621

Narromine Shire 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	8
2	Water Supply Business Best-Practice Management disclosure requirements	12
3	Sewerage Business Best-Practice Management disclosure requirements	14

Narromine Shire 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)

Nil

Narromine Shire Council

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

Note 1. Significant accounting policies (continued)

Category 2

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

a. Narromine Shire Council Water Supply

Comprising the whole of the operations and net assets of the water supply activities of Council servicing the towns of Narromine, Trangie, and Tomingley.

b. Narromine Shire Council Sewerage Service

Comprising the whole of the operations and net assets of the sewerage reticulation and treatment activities of Council servicing the towns of Narromine and Trangie.

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 Crown Lands and Water (CLAW), 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%**

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

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

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

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

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

Narromine Shire 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'.

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

Narromine Shire Council

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

Note 1. Significant accounting policies (continued)

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.

Narromine Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 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	7,497
(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]	146,900
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	74,970
(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	1,230,700

2018 Surplus	293,800	2017 Surplus	444,300	2016 Surplus	492,600
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	74,970
(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

Narromine Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 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	1,968
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)]	%	68.24%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	16,062
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	1,231
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	618
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)]	%	0.75%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	211

- 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

Narromine Shire 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	6,603
(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]	161,100
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	66,033
(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	898,600

2018 Surplus	322,200	2017 Surplus	311,700	2016 Surplus	264,700
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	66,033
(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

Narromine Shire 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	1,451
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	19,515
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	733
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	–
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)]	%	1.47%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'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	3,419
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.73%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	618
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)]	%	1.14%
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%

Narromine Shire 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)]	%	<input type="text" value="-21.06%"/>
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): <input type="text" value="407"/> 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: <input type="text" value="(172)"/> Interest expense (w4a + s4a) – interest income (w9 + s10)		<input type="text" value="> 100"/>
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	<input type="text" value="579"/>
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	<input type="text" value="59"/>

- 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

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Narromine Shire 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

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.

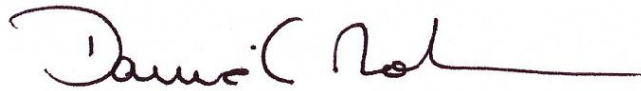
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, 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 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

30 October 2018

SYDNEY

Narromine Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2018

To enhance our Shire's image, lifestyle and environment through effective leadership, community involvement and commitment to service.



Narromine Shire Council

Special Schedules

for the year ended 30 June 2018

Contents

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Special Schedules ¹

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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.

Narromine Shire 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	487	–	–	(487)
Administration	3,163	–	–	(3,163)
Public order and safety				
Fire service levy, fire protection, emergency services	443	141	–	(302)
Beach control	–	–	–	–
Enforcement of local government regulations	138	–	–	(138)
Animal control	164	32	–	(132)
Other	–	–	–	–
Total public order and safety	745	173	–	(572)
Health	110	113	–	3
Environment				
Noxious plants and insect/vermin control	148	70	–	(78)
Other environmental protection	15	–	–	(15)
Solid waste management	1,056	1,314	–	258
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	430	52	–	(378)
Total environment	1,648	1,436	–	(212)
Community services and education				
Administration and education	–	–	–	–
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	633	607	–	(26)
Total community services and education	633	607	–	(26)
Housing and community amenities				
Public cemeteries	118	71	–	(47)
Public conveniences	128	–	–	(128)
Street lighting	146	45	–	(101)
Town planning	192	209	–	17
Other community amenities	–	–	–	–
Total housing and community amenities	584	326	–	(258)
Water supplies	1,927	2,053	211	337
Sewerage services	1,166	1,520	–	355

Narromine Shire 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	487	36	–	(451)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	215	82	–	(132)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	277	–	672	395
Swimming pools	525	72	179	(275)
Parks and gardens (lakes)	931	63	–	(868)
Other sport and recreation	–	–	–	–
Total recreation and culture	2,435	253	851	(1,331)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	–	–	–	–
Other mining, manufacturing and construction	30	132	–	102
Total mining, manufacturing and const.	30	132	–	102
Transport and communication				
Urban roads (UR) – local	380	620	–	240
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	–	–	–	–
Sealed rural roads (SRR) – regional	804	371	488	54
Unsealed rural roads (URR) – local	2,765	1,909	557	(299)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	147	–	400	253
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	96	–	95	(1)
Parking areas	–	–	–	–
Footpaths	–	–	–	–
Aerodromes	565	94	–	(471)
Other transport and communication	2,628	948	179	(1,501)
Total transport and communication	7,385	3,942	1,719	(1,724)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	408	62	–	(346)
Total economic affairs	408	62	–	(346)
Totals – functions	20,721	10,618	2,781	(7,322)
General purpose revenues ⁽¹⁾		10,130		10,130
Share of interests – joint ventures and associates using the equity method	–	37		37
NET OPERATING RESULT ⁽²⁾	20,721	20,785	2,781	2,845

(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

Narromine Shire 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	5,577	5,423
Plus or minus adjustments ⁽²⁾	b	15	9
Notional general income	c = (a + b)	5,592	5,432
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	129	81
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	5,721	5,513
Plus (or minus) last year's carry forward total	l	(2)	64
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	(2)	64
Total permissible income	o = k + n	5,719	5,577
Less notional general income yield	p	5,718	5,577
Catch-up or (excess) result	q = o – p	1	0
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	1	0

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

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Narromine Shire 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:

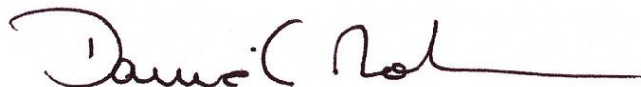
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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 dark ink, appearing to read "David Nolan", with a long horizontal flourish extending to the right.

David Nolan
Director, Financial Audit Services

30 October 2018
SYDNEY

Narromine Shire 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	369	345
b. Engineering and supervision	167	180
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	4	–
d. Maintenance expenses	195	164
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	16	36
– Pumping stations		
g. Operation expenses (excluding energy costs)	1	16
h. Energy costs	128	91
i. Maintenance expenses	48	121
– Treatment		
j. Operation expenses (excluding chemical costs)	113	90
k. Chemical costs	–	–
l. Maintenance expenses	186	61
– Other		
m. Operation expenses	4	20
n. Maintenance expenses	–	6
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	616	130
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,847	1,260

Narromine Shire 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)	584	437
b. Usage charges	1,255	1,090
7. Non-residential charges		
a. Access (including rates)	43	32
b. Usage charges	–	–
8. Extra charges	50	14
9. Interest income	102	92
10. Other income	16	13
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	211	288
b. Grants for pensioner rebates	20	21
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	2,281	1,987
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	434	727
15a. Operating result (less grants for acquisition of assets)	223	439

Narromine Shire 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	–	230
b. New assets for growth	–	–
c. Renewals	618	627
d. Plant and equipment	–	–
17. Repayment of debt	–	–
18. Totals	618	857
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)	1,978	1,911
b. Residential (unoccupied, ie. vacant lot)	125	78
c. Non-residential (occupied)	364	270
d. Non-residential (unoccupied, ie. vacant lot)	32	15
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 19,999	\$ 19,240

Narromine Shire 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	141	–	141
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	4,062	–	4,062
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	40	24	64
c. User charges	–	–	–
d. Other	272	178	450
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	16,062	16,062
b. Plant and equipment	–	–	–
29. Other assets	–	–	–
30. Total assets	<u>4,515</u>	<u>16,264</u>	<u>20,779</u>
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	–	–	–
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>
36. NET ASSETS COMMITTED	<u>4,515</u>	<u>16,264</u>	<u>20,779</u>
EQUITY			
37. Accumulated surplus			11,422
38. Asset revaluation reserve			9,357
39. Other reserves			–
40. TOTAL EQUITY			<u>20,779</u>
Note to system assets:			
41. Current replacement cost of system assets			28,653
42. Accumulated current cost depreciation of system assets			(12,591)
43. Written down current cost of system assets			<u>16,062</u>

Narromine Shire 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	365	322
b. Engineering and supervision	180	204
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	18	11
– Pumping stations		
c. Operation expenses (excluding energy costs)	17	43
d. Energy costs	–	–
e. Maintenance expenses	16	14
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	86	98
g. Chemical costs	–	–
h. Energy costs	51	45
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	–	–
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	1
3. Depreciation expenses		
a. System assets	432	337
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	10
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,165	1,085

Narromine Shire 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)	995	1,001
7. Non-residential charges		
a. Access (including rates)	48	47
b. Usage charges	338	247
8. Trade waste charges		
a. Annual fees	6	6
b. Usage charges	13	14
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	8
10. Interest income	70	67
11. Other income	12	16
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	39	20
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>1,521</u>	<u>1,426</u>
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	<u>356</u>	<u>341</u>
16a. Operating result (less grants for acquisition of assets)	356	341

Narromine Shire 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	–	–
b. New assets for growth	–	–
c. Renewals	–	–
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	<u>–</u>	<u>–</u>
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	<u>–</u>	<u>–</u>
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	1,769	1,717
b. Residential (unoccupied, ie. vacant lot)	73	71
c. Non-residential (occupied)	342	332
d. Non-residential (unoccupied, ie. vacant lot)	18	17
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 19,041	\$ 18,486

Narromine Shire 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	75	–	75
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	5,439	–	5,439
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	86	66	152
c. User charges	–	–	–
d. Other	178	–	178
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	19,515	19,515
b. Plant and equipment	–	–	–
30. Other assets	–	–	–
31. Total assets	5,778	19,581	25,359
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	–	–	–
34. Borrowings	–	–	–
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
36. Total liabilities	–	–	–
37. NET ASSETS COMMITTED	5,778	19,581	25,359
EQUITY			
38. Accumulated surplus			9,813
39. Asset revaluation reserve			15,546
40. Other reserves			–
41. TOTAL EQUITY			25,359
Note to system assets:			
42. Current replacement cost of system assets			28,313
43. Accumulated current cost depreciation of system assets			(8,798)
44. Written down current cost of system assets			19,515

Narromine Shire 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.

Narromine Shire 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	Buildings	-	3,829	1,157	1,128	19,570	38,294	14%	54%	20%	10%	2%	
	Sub-total	-	3,829	1,157	1,128	19,570	38,294	14.0%	54.0%	20.0%	10.0%	2.0%	
Other structures	Other structures	-	227	-	-	2,241	3,249	60%	23%	9%	8%	0%	
	Sub-total	-	227	-	-	2,241	3,249	60.0%	23.0%	9.0%	8.0%	0.0%	
Roads	Sealed roads	-	1,333	1,278	1,247	110,639	133,281	41%	20%	11%	26%	2%	
	Unsealed roads	-	4,983	1,687	1,646	82,729	99,660	74%	3%	15%	4%	4%	
	Bridges	-	255	-	-	19,152	25,524	28%	41%	31%		0%	
	Footpaths	-	579	12	12	178	3,404	1%	91%	3%	3%	2%	
	Other road assets	-	4	66	65	264	386	1%	50%	24%	15%	10%	
	Other	-	-	-	-	1,340	-						
	Sub-total	-	7,154	3,043	2,970	214,302	262,255	51.7%	16.5%	14.4%	14.8%	2.6%	

Narramine Shire 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	Water supply network	-	7,002	685	670	14,549	26,932	41%	20%	11%	26%	2%
	Sub-total	-	7,002	685	670	14,549	26,932	41.0%	20.0%	11.0%	26.0%	2.0%
Sewerage network	Sewerage network	-	1,088	305	297	18,529	27,207	74%	3%	15%	4%	4%
	Sub-total	-	1,088	305	297	18,529	27,207	74.0%	3.0%	15.0%	4.0%	4.0%
Stormwater drainage	Stormwater drainage	-	613	80	77	13,510	20,423	28%	38%	31%	3%	0%
	Sub-total	-	613	80	77	13,510	20,423	28.0%	38.0%	31.0%	3.0%	0.0%
Open space/recreational assets	Swimming pools	-	81	382	372	1,647	2,712	1%	91%	3%	3%	2%
	Other Open Space Recreational	-	542	1,010	1,000	1,702	15,849	3%	17%	68%	1%	11%
Sub-total		-	623	1,392	1,372	3,349	18,561	2.7%	27.8%	58.5%	1.3%	9.7%
Other infrastructure assets	Other	-	158	219	224	237	15,849	3%	17%	68%	1%	11%
	Sub-total	-	158	219	224	237	15,849	3.0%	17.0%	68.0%	1.0%	11.0%
TOTAL – ALL ASSETS		-	20,694	6,881	6,738	286,287	412,770	43.8%	21.0%	19.5%	12.6%	3.1%

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

Narromine Shire 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>7,154</u>	148.36%	93.43%	187.83%	>= 100%
Depreciation, amortisation and impairment	<u>4,822</u>				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	<u>20,694</u>	7.23%	11.64%	11.85%	< 2.00%
Net carrying amount of infrastructure assets	<u>286,287</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>6,738</u>	97.92%	60.37%	68.95%	> 100%
Required asset maintenance	<u>6,881</u>				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>20,694</u>	5.01%	6.08%	6.37%	
Gross replacement cost	<u>412,770</u>				

Notes

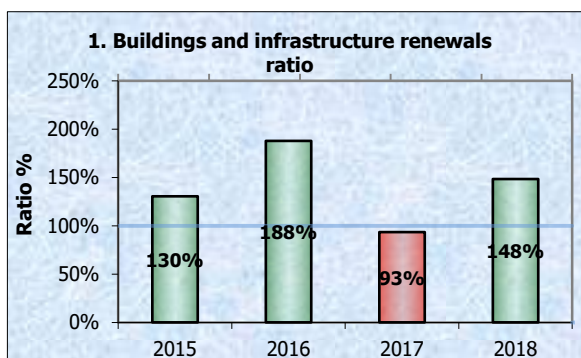
* All asset performance indicators are calculated using the asset classes identified in the previous table.

(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.

Narromine Shire Council

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



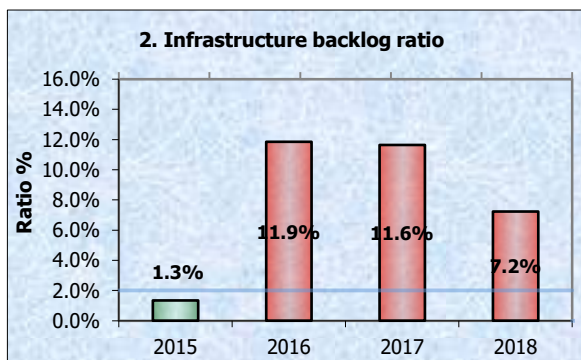
Purpose of asset renewals ratio

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	148.36%
Council is renewing its assets at a rate greater than annual depreciation and above the OLG benchmark of 100%.	

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

■ Ratio achieves benchmark
■ Ratio is outside benchmark



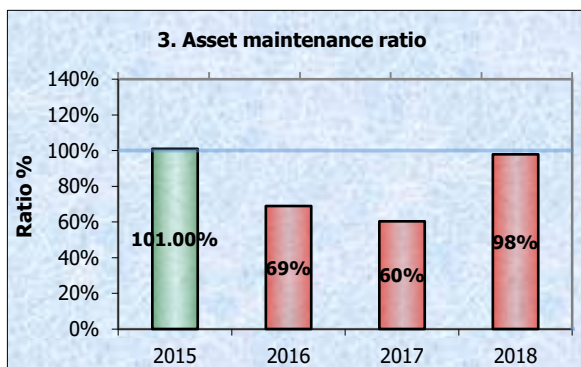
Purpose of infrastructure backlog ratio

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	7.23%
Council is reducing its infrastructure backlog through increased capital expenditure.	

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

■ Ratio achieves benchmark
■ Ratio is outside benchmark



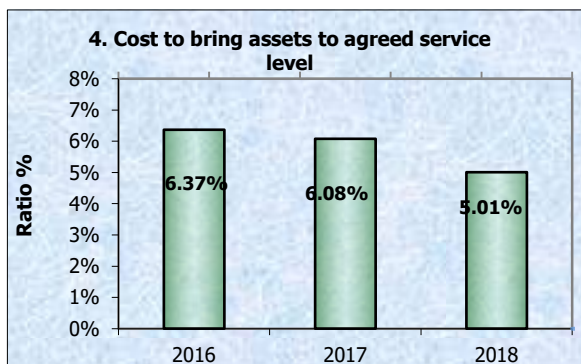
Purpose of asset maintenance ratio

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	97.92%
Council is reducing its infrastructure backlog and is approximately on target with the OLG benchmark of 100%.	

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

■ 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.

Commentary on 2017/18 result	
2017/18 Ratio	5.01%
Council is reducing the proportion of outstanding asset renewals as a result of increasing its capital expenditure.	

Narromine Shire 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⁾	154.07%	84.78%	215.10%	448.13%	3.70%	44.81%	>= 100%
Depreciation, amortisation and impairment							
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard	4.98%	4.03%	48.13%	41.89%	5.87%	4.78%	< 2.00%
Net carrying amount of infrastructure assets							
3. Asset maintenance ratio							
Actual asset maintenance	97.96%	150.54%	97.81%	81.92%	97.38%	52.63%	> 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	3.51%	4.34%	26.00%	26.51%	4.00%	5.30%	
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.

Back to report



Narromine Shire Council

Quarterly Budget Review

2018-2019

**First Quarter (Q1)
30 September 2018**



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Narromine Shire Council

Quarterly Budget Review Statement
for the period 01/07/18 to 30/09/18

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

30 September 2018

It is my opinion that the Quarterly Budget Review Statement for Narromine Shire Council for the quarter ended 30/09/18 indicates that Council's projected financial position at 30/6/19 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

John Sevil
Responsible Accounting Officer

Quarterly Budget Review Statement
for the period 01/07/18 to 30/09/18

Narramine Shire Council
Income & Expenses Budget Review Statement

Budget review for the quarter ended 30 September 2018
Income & Expenses - Council Consolidated

	Original Budget 2018/19	Approved Changes			Revised Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Sep QBRS	Dec QBRS					
Income									
Development and Environmental Services									
Building	230				-		-	57	
Fire Prevention and Emergency Services	210				230		230	-	
Planning	25				210		210	1	
Regulatory Services	91				25		25	11	
Manager Development and Environmental Services	1				91		91	-	
Public Health	3				1		1	1	
Engineering					3		3	1	
Water	1,729				-		-	606	
Roads Bridges Footpaths	2,523				1,729		1,729	462	
Manager Engineering Office	14				2,523	2	2,523	6	
Parks and Reserves	6				14		14	0	
Sport and Recreation Facilities	131				6	11,15	933	22	
Mining	130				131		131	-	
Street Lighting	44				130		130	-	
Stormwater Drainage	225				44		44	-	
Aerodrome	103				225		225	328	
Quarry Operations	308				103		103	24	
Cemeteries	72				308		308	49	
Plant Operations	2,219				72		72	23	
Private Works	102				2,219		2,219	273	
Sewer	1,437				102		102	89	
Waste Management	1,584				1,437		1,437	1,067	
Buildings and Property	22				1,584		1,584	1,489	
Governance	-				22	9	104	4	
CEO Office	68				-		-	21	
Corporate Services	-				68		68	-	
Manager Corporate Service Office	-				-		-	41	
Finance	3,849				-		-	571	
Human Resources	23				3,849	3	3,963	7	
					23		23		

(\$000's)	Original Budget 2018/19	Approved Changes				Revised Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Sep QBRS	Dec QBRS	Mar QBRS					
Rates	5,598	-	-	-	5,598			5,598	5,581	
Community & Economic Development	-				-			-	-	
Libraries	31				31			31	-	
Manager Community Services Office	20				20			20	5	
Health Services	102				102			102	24	
Children Youth and Family Services	1				1			1	-	
Tourism and Events	7				7			7	1	
Total Income from Continuing Operations	20,909	-	-	-	20,909	1,123		22,032	10,765	
Expenses										
Development and Environmental Services										
Building	75				75			75	14	
Fire Prevention and Emergency Services	479				479			479	81	
Planning	225				225	84	17	141	58	
Regulatory Services	422				422	12	19	434	84	
Manager Development and Environmental Services	22				22	2	1	20	7	
Public Health	188				188			188	34	
Engineering										
Water	1,431				1,431	27	16	1,458	411	
Roads Bridges Footpaths	1,730				1,730			1,730	503	
Depot Operations	231				231			231	97	
Manager Engineering Office	855				855	115	17	740	193	
Parks and Reserves	505				505	60	13	565	162	
Sport and Recreation Facilities	471				471			471	168	
Mining	132				132			132	34	
Street Lighting	133				133			133	16	
Stormwater Drainage	236				236	60	13	176	80	
Aerodrome	219				219			219	62	
Quarry Operations	308				308			308	18	
Cemeteries	109				109			109	377	
Plant Operations	1,100				1,100			1,100	80	
Private Works	32				32			32	185	
Sewer	955				955	27	16	982	293	
Waste Management	1,601				1,601			1,601	20	
Buildings and Property	16				16			16	322	
Governance										
CEO Office	1,746				1,746	8	3,18	1,754		

(\$000's)	Original Budget 2018/19	Approved Changes				Revised Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Sep QBRS	Dec QBRS	Mar QBRS					
Elected Members	239				239			239	58	
Governance	69				69			69	34	
Corporate Services					-			-		
Manager Corporate Service Office	171				171			171	163	
Finance	294				294	30	3,10	324	141	
Information Technology	623				623			623	123	
Records Management	182				182			182	39	
Human Resources	619				619			619	145	
Community & Economic Development					-			-		
Business and Economic Development	22				22	197	17	219	5	
Community and Social Development	83				83	-	5	81	52	
Libraries	429				429	2	5	431	106	
Manager Community Services Office	28				28			28	20	
Health Services	45				45			45	21	
Children Youth and Family Services	2				2			2		
Tourism and Events	336				336	25	7,10	361	104	
Total Expenses from Continuing Operations	16,364	-	-	-	16,364	125		16,489	4,029	
Net Operating Result from Continuing Operator	4,545	-	-	-	4,545	998		5,543	6,736	
Discontinued Operations - Surplus/(Deficit)					-			-		
Net Operating Result from All Operations	4,545	-	-	-	4,545	998		5,543	6,736	
Funding										
Rates & Other Untied Funding					-					
Capital Grants & Contributions					-	(1,010)				
Reserves:										
- External Restrictions/Reserves					-					
- Internal Restrictions/Reserves					-	12	19			
New Loans					-	-				
Total Funding	-	-	-	-	-	(998)		-	-	
Net Funding - Surplus/(Deficit)	-	-	-	-	-	-		-	-	

Narromine Shire Council

Quarterly Budget Review Statement

for the period 01/07/18 to 30/09/18

**Income & Expenses Budget Review Statement
Recommended changes to revised budget**

Budget Variations being recommended include the following material items:

Notes Details**Revenue**

- | | |
|----|---|
| 3 | New Services agreement with OJO |
| 9 | Capital Grant - Trangie Showground seating upgrade |
| 11 | Capital grants - Burns oval - SCC R2, Sports & Recreation |
| 15 | Capital Grant - redevelop McGrath nets |

Expenses

- | | |
|----|--|
| 1 | Funds used to purchase iPad (capex) |
| 2 | Reallocate Regional Roads budget from Roads to Recovery funding |
| 3 | Budget reallocation within Finance, CEO Admin |
| 5 | Reallocate to fund Family History Group - Trangie Library |
| 7 | Narromine Shire Children's entrance fee funded from GM Contingency |
| 10 | Budget reallocation within Finance, CEO Admin |
| 13 | Masterplans for Burns Oval, Cale Oval funded by reduction in Levee Consultants Costs |
| 16 | Increase in Labour costs funded from Water & Sewer Reserves |
| 17 | Staff reorganisation - increase in Community, Economic Development , reductions in Engineering, Planning |
| 19 | Weeds cost increase funded by unexpended grant |

Narramine Shire Council
Capital Budget Review Statement

Quarterly Budget Review Statement
 for the period 01/07/18 to 30/09/18

Budget review for the quarter ended 30 September 2018
Capital Budget - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes			Revised Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Sep QBRs	Dec QBRs					
Capital Expenditure									
New Assets									
- Plant & Equipment	179	27		206	(3)	14	203	71	
- Land & Buildings	4,032	98		4,131	-		4,131	113	
- Roads, Bridges, Footpaths	91	487		579	-		579	-	
- Other Infrastructure	2,632	93		2,724	7	14	2,731	19	
- Water & Sewer	265	335		600	-		600	-	
Renewal Assets (Replacement)									
- Plant & Equipment	1,204	-		1,204	22	1,6,14	1,226	691	
- Land & Buildings	104	151		255	-		255	140	
- Roads, Bridges, Footpaths	2,980	109		3,089	-		3,089	1,099	
- Other Infrastructure	355	1,105		1,460	1,021	4,9,11	2,481	983	
- Water & Sewer	2,323	3,088		5,412	(37)	6,12	5,375	521	
Total Capital Expenditure	14,165	5,494	-	19,659	1,010		20,669	3,636	
Capital Funding									
Rates & Other Untied Funding									
Capital Grants & Contributions		539		539	1,010	9,11	1,549	-	
Reserves:									
- External Restrictions/Reserves		3,614		3,614			3,614		
- Internal Restrictions/Reserves		1,340		1,340			1,340		
New Loans									
Receipts from Sale of Assets									
- Plant & Equipment									
- Land & Buildings									
Total Capital Funding	-	5,493	-	5,493	1,010		6,503	-	
Net Funding - Surplus/(Deficit)	(14,165)	-	-	(14,165)	-		(14,165)	(3,636)	

**Capital Budget Review Statement
Recommended changes to revised budget**

Budget Variations being recommended include the following material items:

Notes Details

1 iPad purchase funded from Noxious Weeds Opex

4 Aerodrome wind indicator, Dundas Irrigation renewal added funded by reduction in Softfall, Exercise Equipment

6 New GIS software added funded by reduction in IT contingency, minor works Water & Sewer

9 Trangie grandstand seating renewal funded by grant

11 Burns Oval redevelopment funded by grants

14 Tomingley waste eyewash & generator cage added funded by reduction in Trangie waste renewals

Narramine Shire Council

Quarterly Budget Review Statement
for the period 01/07/18 to 30/09/18

Cash & Investments Budget Review Statement

Budget review for the quarter ended 30 September 2018

Cash & Investments - Council Consolidated

(\$000's)	Original Budget 2018/19	Approved Changes				Revised Budget 2018/19	Variations for this Sep Qtr	Notes	Projected Year End Result
		Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS				
Externally Restricted ⁽¹⁾									
Developers Contributions	259					259		259	
Special Purpose Unexpended Grants	4,065	(190)				3,863	(12)	3,863	
Street Lighting - Unexpended Loan	5					5		5	
Domestic Waste Management	807					807		807	
Domestic Waste Unexpended Grants	109					109		109	
OROC Surplus Operating Funds	205					205		205	
OROC - Unexpended Grant	135					135		135	
NSRAC - Operating Funds	93					93		93	
TSRAC - Operating Funds	11					11		11	
TSRAC - Bonds	1					1		1	
WATER FUND									
Water Network - Operating Funds	2,302					2,302		2,302	
Water Network - S64 Contributions	141					141		141	
Water Network - Capital Works Carried Forward	1,805	(1,805)				-		-	
SEWERAGE FUND									
Sewerage - Operating Funds	3,894					3,894		3,894	
Sewerage Funds - S64 Contributions	75					75		75	
Sewerage Fund - Capital Works Carried Forward	1,619	(1,619)				-		-	
Total Externally Restricted	15,525	(3,614)				11,911	(12)	11,899	
⁽¹⁾ Funds that must be spent for a specific purpose									
Internally Restricted ⁽²⁾									
Executive Services									
Election Expenses	19					19		19	
Financial Management									
Employee Leave Entitlements	545					545		545	
Capital Works Carried Forward	1,340	(1,340)				-		-	
OHS Bonus	84					84		84	
Environment									
Wetlands Development	46					46		46	
Youth Services									
Youth Education Activities (Mac 2100 Grant)	18					18		18	
Health Facilities									
Medical Centre	91					91		91	
Cultural Development									
Trangie Local History Group	1					1		1	
Aerodrome									
Aerodrome Development	2					2		2	
Natfly	4					4		4	
Mining									
Alkane - Roads Contribution	87					87		87	

(\$000's)	Original Budget 2018/19	Approved Changes				Revised Budget 2018/19	Variations for this Sep Qtr	Projected Year End Result
		Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS			
Alkane - Community Contributions (future fund)	69					69		69
Alkane - Environmental Monitoring	55					55		55
Alkane - Tomingley Water Tanks Project	60					60		60
Economic Development								
Economic Development Reserve	12					12		12
Real Estate Development								
Land Development	499					499		499
MVFDC								
Family Day Care - Operating Account	199					199		199
Long Term Asset Plans								
Office Equipment (LTP)	21					21		21
IT Strategy (LTP)	129					129		129
Administration Buildings (LTP)	33					33		33
Pound Improvements (LTP)	16					16		16
Community Hall Upgrades (LTP)	34					34		34
Public Amenities Upgrades (LTP)	35					35		35
Library Improvements (LTP)	140					140		140
Cemetery Improvements (LTP)	26					26		26
Council Buildings	52					52		52
Depot Improvements (LTP)	62					62		62
Plant and Vehicle Replacement (LTP)	306					306		306
Quarries	485					485		485
Footpaths (LTP)	5					5		5
Street Lighting Works	9					9		9
Drainage Construction (LTP)	122					122		122
Kerb & Gutter Construction - Narramine (LTP)	91					91		91
Kerb & Gutter Construction - Trangie (LTP)	143					143		143
Kerb & Gutter Construction - Tomingley (LTP)	5					5		5
Stormwater Levee Bank	2					2		2
Aerodrome Capital Improvements (LTP)	151					151		151
Playground Equipment Upgrades (LTP)	50					50		50
Playground Shade Structure Upgrades (LTP)	49					49		49
Playground/Sporting Fields Fencing (LTP)	33					33		33
Park Amenities (LTP)	95					95		95
Street Tree Planting Program	2					2		2
Street Tree Irrigation Program	7					7		7
Softfall Establishment (LTP)	73					73		73
Sporting Facility Upgrades (LTP)	146					146		146
Irrigation System Establishment (LTP)	72					72		72
Sports Centre Upgrades (LTP)	26					26		26
Trangie Showground Pavilion	1					1		1
Swimming Facilities Upgrade (LTP)	25					25		25
Total Internally Restricted	5,575	(1,340)				4,235		4,235
(2) Funds that Council has earmarked for a specific purpose								
Unrestricted (ie. available after the above Restricti	3,255	4,954				8,209	12	8,221
Total Cash & Investments	24,355					24,355		24,355

Narrormine Shire Council

Quarterly Budget Review Statement
for the period 01/07/18 to 30/09/18

Contracts Budget Review Statement

Budget review for the quarter ended 30 September 2018

Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)	Notes
Regional Crushing and Screening Pty Ltd	Rock Crushing for Narrormine Shire Council Roads	150,000	9-July-2018	2 years	Y	
Millers Metals Pty Ltd	Rock Crushing for Narrormine Shire Council Roads	155,000	9-July-2018	2 years	Y	

Narromine Shire Council

Quarterly Budget Review Statement

for the period 01/07/18 to 30/09/18

Consultancy & Legal Expenses Budget Review Statement

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	76,548	Y
Legal Fees	400	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details
