

# Bourke Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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*"To build a strong, united community, proud  
of our past and committed to our future"*



## Bourke Shire Council

### General Purpose Financial Statements for the year ended 30 June 2018

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors and Management</b>	3
<b>3. Primary Financial Statements:</b>	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
– On the Financial Statements (Sect 417 [2])	73
– On the Conduct of the Audit (Sect 417 [3])	76

#### Overview

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

29 Mitchell St  
Bourke NSW 2840

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: <http://www.bourke.nsw.gov.au>.

## Bourke Shire Council

### General Purpose Financial Statements for the year ended 30 June 2018

#### Understanding Council's financial statements

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##### Introduction

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

##### What you will find in the statements

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

##### More information

A review of Council's financial performance and position for the 17/18 financial year can be found at Note 22 of the financial statements.

## Bourke 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 other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

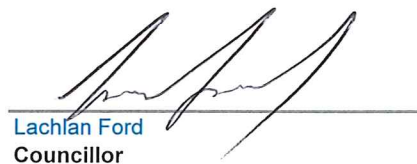
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 27 August 2018.



Barry Hollman  
Mayor  
16 October 2018



Lachlan Ford  
Councillor  
16 October 2018



Ross Earl  
General Manager  
16 October 2018



Leonie Brown  
Responsible Accounting Officer  
16 October 2018

## Bourke Shire Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Income from continuing operations</b>				
<i>Revenue:</i>				
3,835	Rates and annual charges	3a	3,883	3,791
5,710	User charges and fees	3b	8,849	6,392
295	Interest and investment revenue	3c	487	440
1,512	Other revenues	3d	1,147	1,251
7,265	Grants and contributions provided for operating purposes	3e,f	16,833	14,565
11,939	Grants and contributions provided for capital purposes	3e,f	1,219	2,642
<b>30,556</b>	<b>Total income from continuing operations</b>		<b>32,418</b>	<b>29,081</b>
<b>Expenses from continuing operations</b>				
6,502	Employee benefits and on-costs	4a	7,886	7,511
208	Borrowing costs	4b	200	212
9,422	Materials and contracts	4c	12,867	7,000
4,131	Depreciation and amortisation	4d	4,636	4,229
746	Other expenses	4e	2,652	1,864
–	Net losses from the disposal of assets	5	338	90
<b>21,009</b>	<b>Total expenses from continuing operations</b>		<b>28,579</b>	<b>20,906</b>
<b>9,547</b>	<b>Operating result from continuing operations</b>		<b>3,839</b>	<b>8,175</b>
<b>9,547</b>	<b>Net operating result for the year</b>		<b>3,839</b>	<b>8,175</b>
9,547	Net operating result attributable to Council		3,839	8,175
(2,392)	Net operating result for the year before grants and contributions provided for capital purposes		2,620	5,533

## Bourke Shire Council

Statement of Comprehensive Income  
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Net operating result for the year</b> (as per Income Statement)		<b>3,839</b>	<b>8,175</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	(4,028)	7,337
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(4,028)</b>	<b>7,337</b>
<b>Total other comprehensive income for the year</b>		<b>(4,028)</b>	<b>7,337</b>
<b>Total comprehensive income for the year</b>		<b>(189)</b>	<b>15,512</b>
Total comprehensive income attributable to Council		(189)	15,512

## Bourke Shire Council

Statement of Financial Position  
as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	2,826	4,892
Investments	6b	18,496	13,649
Receivables	7	3,542	3,047
Inventories	8	99	73
Other	8	32	66
<b>Total current assets</b>		<b>24,995</b>	<b>21,727</b>
<b>Non-current assets</b>			
Receivables	7	237	105
Infrastructure, property, plant and equipment	9	231,400	234,419
<b>Total non-current assets</b>		<b>231,637</b>	<b>234,524</b>
<b>TOTAL ASSETS</b>		<b>256,632</b>	<b>256,251</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	1,740	1,218
Income received in advance	10	349	200
Borrowings	10	836	1,450
Provisions	11	2,717	2,516
<b>Total current liabilities</b>		<b>5,642</b>	<b>5,384</b>
<b>Non-current liabilities</b>			
Borrowings	10	2,978	2,669
Provisions	11	86	83
<b>Total non-current liabilities</b>		<b>3,064</b>	<b>2,752</b>
<b>TOTAL LIABILITIES</b>		<b>8,706</b>	<b>8,136</b>
<b>Net assets</b>		<b>247,926</b>	<b>248,115</b>
<b>EQUITY</b>			
Accumulated surplus	12	136,145	132,306
Revaluation reserves	12	111,781	115,809
<b>Total equity</b>		<b>247,926</b>	<b>248,115</b>

## Bourke Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
<b>Opening balance</b>		132,306	115,809	<b>248,115</b>	124,131	108,472	<b>232,603</b>
<b>Net operating result for the year</b>		<b>3,839</b>	–	<b>3,839</b>	<b>8,175</b>	–	<b>8,175</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9a	–	(4,028)	<b>(4,028)</b>	–	7,337	<b>7,337</b>
<b>Other comprehensive income</b>		–	<b>(4,028)</b>	<b>(4,028)</b>	–	<b>7,337</b>	<b>7,337</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>3,839</b>	<b>(4,028)</b>	<b>(189)</b>	<b>8,175</b>	<b>7,337</b>	<b>15,512</b>
<b>Equity – balance at end of the reporting period</b>		<b>136,145</b>	<b>111,781</b>	<b>247,926</b>	<b>132,306</b>	<b>115,809</b>	<b>248,115</b>



## Bourke Shire Council

Statement of Cash Flows  
for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
4,119	Rates and annual charges		3,796	3,828
5,748	User charges and fees		9,042	6,105
295	Investment and interest revenue received		512	406
19,204	Grants and contributions		17,427	17,368
–	Bonds, deposits and retention amounts received		110	12
1,512	Other		1,163	1,075
<b>Payments:</b>				
(6,502)	Employee benefits and on-costs		(7,598)	(7,728)
(9,744)	Materials and contracts		(12,537)	(6,471)
(208)	Borrowing costs		(201)	(213)
–	Bonds, deposits and retention amounts refunded		(27)	(11)
(746)	Other		(2,618)	(1,896)
13,678	<b>Net cash provided (or used in) operating activities</b>	13b	9,069	12,475
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of investment securities		18,333	15,828
–	Sale of infrastructure, property, plant and equipment		430	849
<b>Payments:</b>				
–	Purchase of investment securities		(23,180)	(19,072)
(11,158)	Purchase of infrastructure, property, plant and equipment		(6,413)	(8,010)
(11,158)	<b>Net cash provided (or used in) investing activities</b>		(10,830)	(10,405)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
530	Proceeds from borrowings and advances		530	1,011
<b>Payments:</b>				
(836)	Repayment of borrowings and advances		(835)	(963)
(306)	<b>Net cash flow provided (used in) financing activities</b>		(305)	48
2,214	<b>Net increase/(decrease) in cash and cash equivalents</b>		(2,066)	2,118
4,892	Plus: <b>cash and cash equivalents – beginning of year</b>	13a	4,892	2,774
7,106	<b>Cash and cash equivalents – end of the year</b>	13a	2,826	4,892
Additional Information:				
	plus: <b>Investments on hand – end of year</b>	6b	18,496	13,649
	<b>Total cash, cash equivalents and investments</b>		21,322	18,541

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	12
2(b)	Council functions/activities – component descriptions	13
3	Income from continuing operations	14
4	Expenses from continuing operations	20
5	Gains or losses from the disposal of assets	24
6(a)	Cash and cash equivalent assets	24
6(b)	Investments	25
6(c)	Restricted cash, cash equivalents and investments – details	26
7	Receivables	27
8	Inventories and other assets	28
9(a)	Infrastructure, property, plant and equipment	30
9(b)	Externally restricted infrastructure, property, plant and equipment	32
10	Payables and borrowings	33
11	Provisions	36
12	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	38
13	Statement of cash flows – additional information	39
14	Commitments for expenditure	40
15	Contingencies and other liabilities/assets not recognised	41
16	Financial risk management	45
17	Material budget variations	49
18	Fair value measurement	51
19	Related party transactions	60
20	Financial result and financial position by fund	64
21(a)	Statement of performance measures – consolidated results	66
21(b)	Statement of performance measures – by fund	67
<b>Additional council disclosures (unaudited)</b>		
21(c)	Statement of performance measures – consolidated results (graphs)	69
22	Financial review and commentary	71
23	Council information and contact details	72

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 27/08/2018.

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

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

##### **Basis of preparation**

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

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

Full dollars have been used in Note 19 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 17 – 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

## Bourke 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

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

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

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

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

#### **New accounting standards and interpretations issued not yet effective**

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

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

## Bourke 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	–	–	265	326	(265)	(326)	–	–	–	3,291
Administration	6,181	10,644	1,070	1,401	5,111	9,243	5,827	8,110	24,727	28,342
Public order & safety	413	517	770	624	(357)	(107)	10	152	1,576	1,412
Health	74	84	580	718	(506)	(634)	–	–	946	1,219
Environment	832	997	1,529	918	(697)	79	149	338	12,883	–
Community services & education	(12)	25	154	51	(166)	(26)	167	5	1,146	171
Housing & community amenities	195	187	447	663	(252)	(476)	5	–	6,222	16,461
Water supplies	2,182	2,719	2,248	1,785	(66)	934	364	641	23,048	18,642
Sewerage services	959	793	1,096	800	(137)	(7)	41	22	11,865	10,129
Recreation & culture	361	515	1,527	1,932	(1,166)	(1,417)	336	503	11,781	12,781
Mining, manufacturing & construction	20	49	122	27	(102)	22	–	–	–	–
Transport & communication	13,933	10,095	10,621	8,320	3,312	1,775	2,318	3,109	155,909	156,831
Economic affairs	7,280	2,456	8,150	3,341	(870)	(885)	6,105	2,000	6,529	6,972
<b>Total functions and activities</b>	<b>32,418</b>	<b>29,081</b>	<b>28,579</b>	<b>20,906</b>	<b>3,839</b>	<b>8,175</b>	<b>15,322</b>	<b>14,880</b>	<b>256,632</b>	<b>256,251</b>

## Bourke 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, Councillors fees, subscriptions to local authority organisations, conduct of Council meetings, legislative compliance and public disclosure.

##### **Administration**

Includes costs associated with management and corporate support, staffing, workplace health & safety, engineering and other administrative support services.

##### **Public order & safety**

Includes fire protection and management, emergency services, community safety, law enforcement and animal control.

##### **Health**

Includes costs relating to the control of public health, management of health centres and food and consumable safety.

##### **Environment**

Includes noxious weed and vermin control, environmental protection, waste management, sanitation, street cleaning, stormwater management and levees.

##### **Community services & education**

Includes education and pre-school services, aboriginal community services administration, youth services, aged and disability services, family and children's services.

##### **Housing & community amenities**

Includes public cemeteries, public conveniences, street lighting, town planning, housing and accommodation services.

##### **Water supplies**

Includes management of water schemes, costs of water reticulation, treatment and supply, and management of water infrastructure.

##### **Sewerage services**

Includes management of sewerage schemes, costs of sewerage reticulation and treatment, and management of sewer infrastructure.

##### **Recreation & culture**

Includes costs relating to the management of public libraries, museums, art centres, community halls, sporting grounds, parks and gardens, swimming pools and other recreation facilities.

##### **Mining, manufacturing & construction**

Includes building control, management of quarries & gravel pits, construction activities, abattoirs and mining activities.

##### **Transport & communication**

Includes the management, maintenance and construction of public roads, footpaths, kerb and guttering, parking areas, aerodromes and other transport facilities.

##### **Economic affairs**

Includes camping & caravan parks, tourism services and promotion, industrial and economic development, saleyards and other business undertakings.

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations

\$ '000	2018	2017
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	384	372
Farmland	1,081	1,058
Business	110	106
<b>Total ordinary rates</b>	<b>1,575</b>	<b>1,536</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	293	290
Water supply services	950	918
Sewerage services	780	766
Drainage	152	151
Waste management services (non-domestic)	133	130
<b>Total annual charges</b>	<b>2,308</b>	<b>2,255</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>3,883</b>	<b>3,791</b>

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>(b) User charges and fees</b>		
	2018	2017
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Water supply services	634	686
Sewerage services	–	5
Waste management services (non-domestic)	65	55
<b>Total specific user charges</b>	<b>699</b>	<b>746</b>

## Bourke 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>(b) User charges and fees (continued)</b>		
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building regulation	20	–
Inspection services	6	–
Planning and building regulation	11	76
Private works – section 67	580	175
Registration fees	9	8
Regulatory fees	5	–
Section 149 certificates (EPA Act)	8	–
Section 603 certificates	5	–
<b>Total fees and charges – statutory/regulatory</b>	<b>644</b>	<b>259</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	4	4
Cemeteries	27	22
Child care	(14)	–
Leaseback fees – Council vehicles	12	–
Library and art gallery	4	–
Park rents	8	–
RMS (formerly RTA) charges (state roads not controlled by Council)	7,431	5,241
Saleyards	5	4
Tourism	9	–
Waste disposal tipping fees	17	–
Water connection fees	3	3
Other	–	113
<b>Total fees and charges – other</b>	<b>7,506</b>	<b>5,387</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>8,849</b>	<b>6,392</b>

**Accounting policy for user charges and fees**

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



## Bourke 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>(c) Interest and investment revenue (including losses)</b>		
<b>Interest</b>		
– Overdue rates and annual charges (incl. special purpose rates)	28	78
– Cash and investments	459	362
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>487</b>	<b>440</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	28	78
General Council cash and investments	283	227
<b>Restricted investments/funds – external:</b>		
Water fund operations	128	105
Sewerage fund operations	48	30
<b>Total interest and investment revenue recognised</b>	<b>487</b>	<b>440</b>
<b>Accounting policy for interest and investment revenue</b>		
Interest income is recognised using the effective interest rate at the date that interest is earned.		
<b>(d) Other revenues</b>		
Rental income – other council properties	204	217
Fines	1	1
Legal fees recovery – rates and charges (extra charges)	–	24
Aboriginal communities program	175	278
Back O’Bourke centre	343	372
Commissions and agency fees	108	115
Diesel rebate	113	74
Insurance claim recoveries	–	14
Jandra boat	76	55
Natural disaster claim	–	1
Recycling income (non-domestic)	25	17
Sales – general	9	–
Tourism	2	10
Other	91	73
<b>TOTAL OTHER REVENUE</b>	<b>1,147</b>	<b>1,251</b>

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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##### **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.

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.

## Bourke 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
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	3,771	5,335	–	–
Financial assistance – local roads component	1,877	2,682	–	–
<b>Other</b>				
Pensioners' rates subsidies – general component	18	18	–	–
<b>Total general purpose</b>	<b>5,666</b>	<b>8,035</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	7	7	–	–
– Sewerage	6	6	–	–
Water supplies	–	–	357	634
Sewerage services	–	–	36	17
Aerodrome	–	–	44	526
Community development	101	–	–	–
Economic development	6,005	2,000	101	–
Employment and training programs	295	–	–	–
Environmental protection	–	289	–	–
Heritage and cultural	11	12	–	–
Library	–	21	55	–
Library – per capita	26	–	–	–
LIRS subsidy	31	–	–	–
Noxious weeds	54	49	–	–
Public order and safety	–	15	10	136
Recreation and culture	–	–	243	470
Street lighting	34	33	–	–
Transport (roads to recovery)	1,934	1,941	–	–
Transport (other roads and bridges funding)	77	–	229	609
Youth services	–	5	–	–
Other	–	–	–	75
<b>Total specific purpose</b>	<b>8,581</b>	<b>4,378</b>	<b>1,075</b>	<b>2,467</b>
<b>Total grants</b>	<b>14,247</b>	<b>12,413</b>	<b>1,075</b>	<b>2,467</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	13,583	11,958	9	136
– State funding	647	438	1,064	1,914
– Other funding	17	17	2	417
	<b>14,247</b>	<b>12,413</b>	<b>1,075</b>	<b>2,467</b>

## Bourke 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
<b>(f) Contributions</b>				
<b>Other contributions:</b>				
<b>Cash contributions</b>				
Bushfire services	393	358	–	–
Business development	–	20	–	–
RMS contributions (regional roads, block grant)	2,193	1,774	144	–
Water supplies (excl. section 64 contributions)	–	–	–	175
<b>Total other contributions – cash</b>	<b>2,586</b>	<b>2,152</b>	<b>144</b>	<b>175</b>
<b>Total contributions</b>	<b>2,586</b>	<b>2,152</b>	<b>144</b>	<b>175</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>16,833</b>	<b>14,565</b>	<b>1,219</b>	<b>2,642</b>

**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.

**(g) Unspent grants and contributions** 2018                      2017**Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:****Operating grants**

Unexpended at the close of the previous reporting period	1,102	485
<b>Add:</b> operating grants recognised in the current period but not yet spent	252	1,017
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(960)	(400)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>394</b>	<b>1,102</b>

**Capital grants**

Unexpended at the close of the previous reporting period	–	–
<b>Add:</b> capital grants recognised in the current period but not yet spent	127	–
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>127</b>	<b>–</b>

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations

\$ '000	2018	2017
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	5,714	5,395
Travel expenses	303	286
Employee leave entitlements (ELE)	1,022	1,205
Superannuation	628	646
Workers' compensation insurance	219	140
Fringe benefit tax (FBT)	9	31
Training costs (other than salaries and wages)	143	138
Sick leave insurance	5	7
Protective clothing	–	26
Other	48	41
<b>Total employee costs</b>	<b>8,091</b>	<b>7,915</b>
Less: capitalised costs	(205)	(404)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>7,886</b>	<b>7,511</b>
Number of 'full-time equivalent' employees (FTE) at year end	<b>85</b>	<b>84</b>
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	<b>85</b>	<b>85</b>

#### 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 14 for more information.

(b) Borrowing costs	2018	2017
<b>Interest bearing liability costs</b>		
Interest on loans	200	212
<b>Total interest bearing liability costs expensed</b>	<b>200</b>	<b>212</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>200</b>	<b>212</b>

#### 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.

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(c) Materials and contracts</b>		
Raw materials and consumables	15,217	9,364
Contractor and consultancy costs	207	244
Auditors remuneration <sup>(2)</sup>	61	77
Legal expenses:		
– Legal expenses: planning and development	–	21
– Legal expenses: other	9	28
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(1)</sup>	23	–
<b>Total materials and contracts</b>	<b>15,517</b>	<b>9,734</b>
Less: capitalised costs	(2,650)	(2,734)
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>12,867</b>	<b>7,000</b>

**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 - Library	23	–
	<b>23</b>	<b>–</b>

**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:****(i) Audit and other assurance services**

Audit and review of financial statements	61	77
<b>Remuneration for audit and other assurance services</b>	<b>61</b>	<b>77</b>
<b>Total Auditor remuneration</b>	<b>61</b>	<b>77</b>

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(d) Depreciation, amortisation and impairment</b>		
<b>Depreciation and amortisation</b>		
Plant and equipment	833	824
Office equipment	35	39
Furniture and fittings	10	–
<b>Infrastructure:</b>		
– Buildings – non-specialised	50	49
– Buildings – specialised	272	427
– Other structures	328	157
– Roads	1,286	1,217
– Bridges	241	230
– Footpaths	72	106
– Stormwater drainage	112	87
– Water supply network	577	343
– Sewerage network	285	213
– Swimming pools	83	42
– Other open space/recreational assets	189	191
– Levee bank	163	188
– Other infrastructure	65	106
<b>Other assets:</b>		
– Library books	10	10
– Other Heritage	25	–
<b>Total depreciation and amortisation costs</b>	<u>4,636</u>	<u>4,229</u>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u></b>	<u>4,636</u>	<u>4,229</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**

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.

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(e) Other expenses</b>		
Advertising	111	21
Bad and doubtful debts	108	101
Bank charges	18	–
Cleaning	20	–
Cost of sales	63	–
Computer software charges	29	–
Contributions/levies to other levels of government	21	–
– Emergency services levy (includes FRNSW, SES, and RFS levies)	5	6
– NSW fire brigade levy	34	33
– NSW rural fire service levy	113	138
Councillor expenses – mayoral fee	25	25
Councillor expenses – councillors' fees	118	163
Councillors' expenses (incl. mayor) – other (excluding fees above)	87	47
Donations, contributions and assistance to other organisations (Section 356)	17	30
Election expenses	–	42
Electricity and heating	430	411
Fire and emergency services levy (FESL) implementation costs	–	65
Fire control expenses	308	–
Insurance	627	502
Office expenses (including computer expenses)	112	–
Postage	10	10
Printing and stationery	30	34
Street lighting	127	118
Subscriptions and publications	28	33
Telephone and communications	85	85
Tourism expenses (excluding employee costs)	86	–
Valuation fees	19	–
Other	21	–
<b>Total other expenses</b>	<b>2,652</b>	<b>1,864</b>
<b>TOTAL OTHER EXPENSES</b>	<b>2,652</b>	<b>1,864</b>

**Accounting policy for other expenses**

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



## Bourke 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
<b>Property</b> (excl. investment property)	9		
Proceeds from disposal – property		–	446
Less: carrying amount of property assets sold/written off		–	(209)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>237</b>
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		430	403
Less: carrying amount of plant and equipment assets sold/written off		(272)	(173)
<b>Net gain/(loss) on disposal</b>		<b>158</b>	<b>230</b>
<b>Infrastructure</b>	9		
Less: carrying amount of infrastructure assets sold/written off		(496)	(557)
<b>Net gain/(loss) on disposal</b>		<b>(496)</b>	<b>(557)</b>
<b>Financial assets</b> <sup>(1)</sup>	6		
Proceeds from disposal of financial assets – held to maturity investments		18,333	15,828
Less: carrying amount of financial assets sold/redeemed/matured		(18,333)	(15,828)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(338)</b>	<b>(90)</b>

**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

<b>Cash and cash equivalents</b>			
Cash on hand and at bank		614	665
Cash-equivalent assets			
– Short-term deposits		2,212	4,227
<b>Total cash and cash equivalents</b>		<b>2,826</b>	<b>4,892</b>

**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.

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
<b>Investments</b>				
a. 'Held to maturity'	18,496	–	13,649	–
<b>Total investments</b>	<b>18,496</b>	<b>–</b>	<b>13,649</b>	<b>–</b>
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u></b>	<b><u>21,322</u></b>	<b><u>–</u></b>	<b><u>18,541</u></b>	<b><u>–</u></b>
<b>Held to maturity investments</b>				
Long term deposits	18,496	–	13,649	–
<b>Total</b>	<b>18,496</b>	<b>–</b>	<b>13,649</b>	<b>–</b>

**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) Held to maturity investments**

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

**Recognition and de-recognition**

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

## Bourke Shire Council

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

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	21,322	–	18,541	–
<b>attributable to:</b>				
External restrictions (refer below)	5,714	–	5,209	–
Internal restrictions (refer below)	4,799	–	1,149	–
Unrestricted	10,809	–	12,183	–
	<b>21,322</b>	<b>–</b>	<b>18,541</b>	<b>–</b>

\$ '000	2018		2017	
<b>Details of restrictions</b>				
<b>External restrictions – other</b>				
Specific purpose unexpended grants		521	455	
Specific purpose unexpended grants-water fund		–	641	
Specific purpose unexpended grants-sewer fund		–	6	
Water supplies		3,641	2,941	
Sewerage services		1,531	1,157	
Domestic waste management		21	9	
<b>External restrictions – other</b>		<b>5,714</b>	<b>5,209</b>	
<b>Total external restrictions</b>		<b>5,714</b>	<b>5,209</b>	
<b>Internal restrictions</b>				
Employees leave entitlement		600	600	
Deposits, retentions and bonds		8	32	
Loan – drainage		69	300	
Loan – computer upgrade		88	217	
Plant and Vehicle Replacement		1,086	–	
Land Purchase		87	–	
Prepaid Financial Assistance Grant		2,861	–	
<b>Total internal restrictions</b>		<b>4,799</b>	<b>1,149</b>	
<b>TOTAL RESTRICTIONS</b>		<b>10,513</b>	<b>6,358</b>	

## Bourke 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
<b>Purpose</b>				
Rates and annual charges	633	262	573	209
Interest and extra charges	120	70	131	50
User charges and fees	1,845	–	1,889	–
Accrued revenues				
– Interest on investments	145	–	98	–
Government grants and subsidies	929	–	304	–
Net GST receivable	173	–	189	–
<b>Total</b>	<b>3,845</b>	<b>332</b>	<b>3,184</b>	<b>259</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(193)	(65)	(116)	(116)
Interest and extra charges	(105)	(24)	(19)	(29)
User charges and fees	(5)	(6)	(2)	(9)
<b>Total provision for impairment – receivables</b>	<b>(303)</b>	<b>(95)</b>	<b>(137)</b>	<b>(154)</b>
<b>TOTAL NET RECEIVABLES</b>	<b>3,542</b>	<b>237</b>	<b>3,047</b>	<b>105</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Specific purpose grants	258	–	–	–
– Rates and availability charges	382	34	329	–
– Other	–	–	224	–
<b>Sewerage services</b>				
– Specific purpose grants	14	–	–	–
– Rates and availability charges	113	57	221	–
<b>Domestic waste management</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>–</b>
<b>Total external restrictions</b>	<b>767</b>	<b>91</b>	<b>783</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>2,775</b>	<b>146</b>	<b>2,264</b>	<b>105</b>
<b>TOTAL NET RECEIVABLES</b>	<b>3,542</b>	<b>237</b>	<b>3,047</b>	<b>105</b>
<b>Movement in provision for impairment of receivables</b>			<b>2018</b>	<b>2017</b>
Balance at the beginning of the year			291	190
+ new provisions recognised during the year			131	105
– amounts provided for but recovered during the year			(24)	(4)
<b>Balance at the end of the year</b>			<b>398</b>	<b>291</b>

## Bourke 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 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
<b>(a) Inventories</b>				
<b>Inventories at cost</b>				
Stores and materials	99	–	73	–
<b>Total inventories at cost</b>	<b>99</b>	<b>–</b>	<b>73</b>	<b>–</b>
<b>TOTAL INVENTORIES</b>	<b>99</b>	<b>–</b>	<b>73</b>	<b>–</b>

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 8. Inventories and other assets (continued)

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(b) Other assets</b>				
Prepayments	32	–	66	–
<b>TOTAL OTHER ASSETS</b>	<b>32</b>	<b>–</b>	<b>66</b>	<b>–</b>
<b>Externally restricted assets</b>				
<b>Water</b>				
Prepayments	1	–	–	–
<b>Total water</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total externally restricted assets</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total internally restricted assets</b>			<b>–</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>130</b>	<b>–</b>	<b>139</b>	<b>–</b>
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>	<b>131</b>	<b>–</b>	<b>139</b>	<b>–</b>

**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.

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

Asset class \$ '000	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	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	3,933	–	3,933	50	710	–	–	(3,718)	–	–	–	975	–	975
Plant and equipment	9,605	5,932	3,673	1,164	40	(272)	(833)	–	–	–	–	9,833	6,061	3,772
Office equipment	570	277	293	148	24	–	(35)	–	(55)	–	–	620	245	375
Furniture and fittings	–	–	–	2	–	–	(10)	–	55	–	–	126	78	48
<b>Land:</b>														
– Operational land	1,051	–	1,051	–	–	–	–	–	–	–	1,209	2,260	–	2,260
– Community land	1,443	–	1,443	–	–	–	–	–	–	–	402	1,845	–	1,845
<b>Infrastructure:</b>														
– Buildings – non-specialised	3,395	549	2,846	–	–	(11)	(50)	–	(72)	(329)	–	3,341	957	2,384
– Buildings – specialised	27,253	5,978	21,275	108	74	(38)	(272)	138	(1,372)	(5,888)	–	24,929	10,904	14,025
– Other structures	4,196	1,765	2,431	139	–	(3)	(328)	–	942	–	–	5,619	2,438	3,181
– Roads	154,907	24,516	130,391	1,860	1,192	(16)	(1,286)	88	–	–	–	157,990	25,761	132,229
– Bridges	24,410	8,284	16,126	206	–	(277)	(241)	708	–	–	–	24,783	8,261	16,522
– Footpaths	7,656	3,650	4,006	–	–	–	(72)	–	(2,024)	–	–	5,126	3,216	1,910
– Stormwater drainage	7,176	3,107	4,069	74	157	–	(112)	30	728	–	–	8,752	3,806	4,946
– Water supply network	31,320	15,288	16,032	32	186	(11)	(577)	2,077	39	–	372	34,375	16,225	18,150
– Sewerage network	19,909	9,817	10,092	–	–	–	(285)	–	–	–	206	20,328	10,315	10,013
– Swimming pools	2,887	1,292	1,595	–	–	–	(83)	–	90	–	–	3,035	1,433	1,602
– Other open space/recreational assets	6,934	3,973	2,961	34	98	(6)	(189)	–	373	–	–	7,635	4,364	3,271
– Levee bank	13,136	4,966	8,170	–	–	–	(163)	–	(728)	–	–	11,821	4,542	7,279
– Aerodromes	6,471	2,524	3,947	14	72	(125)	(65)	677	–	–	–	6,262	1,742	4,520
<b>Other assets:</b>														
– Other	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Library books	121	36	85	29	–	(9)	(10)	–	–	–	–	133	38	95
– Heritage Items	–	–	–	–	–	–	(25)	–	2,024	–	–	2,530	531	1,999
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>326,373</b>	<b>91,954</b>	<b>234,419</b>	<b>3,860</b>	<b>2,553</b>	<b>(768)</b>	<b>(4,636)</b>	<b>(0)</b>	<b>–</b>	<b>(6,217)</b>	<b>2,189</b>	<b>332,318</b>	<b>100,917</b>	<b>231,400</b>

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

## Bourke 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:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	10	Playground equipment	3 to 30
Office furniture	10	Benches, seats etc.	5 to 30
Computer equipment	10		
Vehicles	2 to 10	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 50	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	20 to 100	Drains	50 to 100
Bores	10 to 50	Culverts	50 to 80
Reticulation pipes: PVC	50 to 80	Flood control structures	20 to 80
Reticulation pipes: other	25 to 50		
Pumps and telemetry	10 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15	Bulk earthworks	Infinite
Sealed roads: structure	60 to 100	Swimming pools	20 to 50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20 to 50
Bridge: other	100	Other infrastructure	10 to 50
Road pavements	70		
Kerb, gutter and footpaths	35 to 75		



## Bourke 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)

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

##### Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

##### Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

##### Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all 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.

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

\$ '000	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	221	–	221	2,229	–	2,229
Plant and equipment	389	248	141	348	201	147
Buildings	619	400	219	507	141	366
Other structures	82	53	29	55	41	14
Infrastructure	34,293	16,171	18,122	31,320	15,287	16,033
<b>Total water supply</b>	<b>35,604</b>	<b>16,872</b>	<b>18,732</b>	<b>34,459</b>	<b>15,670</b>	<b>18,789</b>
<b>Sewerage services</b>						
WIP	109	–	109	37	–	37
Plant and equipment	134	105	29	134	90	44
Infrastructure	20,327	10,315	10,012	19,909	9,817	10,092
<b>Total sewerage services</b>	<b>20,570</b>	<b>10,420</b>	<b>10,150</b>	<b>20,080</b>	<b>9,907</b>	<b>10,173</b>
<b>TOTAL RESTRICTED IPP&amp;E</b>	<b>56,174</b>	<b>27,292</b>	<b>28,882</b>	<b>54,539</b>	<b>25,577</b>	<b>28,962</b>

## Bourke 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
<b>Payables</b>				
Goods and services – operating expenditure	1,347	–	991	–
Accrued expenses:				
– Borrowings	18	–	19	–
– Salaries and wages	260	–	176	–
Security bonds, deposits and retentions	115	–	32	–
<b>Total payables</b>	<b>1,740</b>	<b>–</b>	<b>1,218</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	349	–	200	–
<b>Total income received in advance</b>	<b>349</b>	<b>–</b>	<b>200</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	836	2,978	1,450	2,669
<b>Total borrowings</b>	<b>836</b>	<b>2,978</b>	<b>1,450</b>	<b>2,669</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>2,925</b>	<b>2,978</b>	<b>2,868</b>	<b>2,669</b>
<b>(a) Payables and borrowings relating to restricted assets</b>				
	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	144	383	–	412
Sewer	119	75	–	–
Payables and borrowings relating to externally restricted assets	263	458	–	412
<b>Internally restricted assets</b>				
Loan – Computer upgrade	–	–	56	244
Loan – drainage	–	–	45	371
Payables and borrowings relating to internally restricted assets	–	–	101	615
<b>Total payables and borrowings relating to restricted assets</b>	<b>263</b>	<b>458</b>	<b>101</b>	<b>1,027</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>2,662</b>	<b>2,520</b>	<b>2,767</b>	<b>1,642</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>2,925</b>	<b>2,978</b>	<b>2,868</b>	<b>2,669</b>

<sup>1</sup> 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 16.

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 10. Payables and borrowings (continued)

\$ '000

## (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	4,119	(835)	530	–	–	3,814
<b>TOTAL</b>	<b>4,119</b>	<b>(835)</b>	<b>530</b>	<b>–</b>	<b>–</b>	<b>3,814</b>

\$ '000

2018

2017

## (c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities <sup>(1)</sup>	200	200
Credit cards/purchase cards	10	10
<b>Total financing arrangements</b>	<b>210</b>	<b>210</b>
<b>Drawn facilities as at balance date:</b>		
– Credit cards/purchase cards	4	9
<b>Total drawn financing arrangements</b>	<b>4</b>	<b>9</b>
<b>Undrawn facilities as at balance date:</b>		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	6	1
<b>Total undrawn financing arrangements</b>	<b>206</b>	<b>201</b>

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

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10. Payables and borrowings (continued)

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##### **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.

## Bourke 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
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	764	–	685	–
Sick leave	185	–	207	–
Long service leave	1,626	86	1,583	83
Other leave	142	–	41	–
<b>Sub-total – aggregate employee benefits</b>	<b>2,717</b>	<b>86</b>	<b>2,516</b>	<b>83</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>2,717</u></b>	<b><u>86</u></b>	<b><u>2,516</u></b>	<b><u>83</u></b>

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

	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	154	5	78	4
Sewer	103	3	4	79
Domestic waste management			9	–
Provisions relating to externally restricted assets	257	8	91	83
<b>Total provisions relating to unrestricted assets</b>	<b>2,460</b>	<b>78</b>	<b>2,425</b>	<b>–</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>2,717</u></b>	<b><u>86</u></b>	<b><u>2,516</u></b>	<b><u>83</u></b>

\$ '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	1,600	1,600
	<b><u>1,600</u></b>	<b><u>1,600</u></b>

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Provisions (continued)

\$ '000

## (c) Description of and movements in provisions

2018	ELE provisions				Other employee benefits	Total
	Annual leave	Sick leave	Long service leave			
At beginning of year	685	207	1,666		41	2,599
Additional provisions	497	171	243		101	1,012
Amounts used (payments)	(418)	(193)	(197)		–	(808)
<b>Total ELE provisions at end of year</b>	<b>764</b>	<b>185</b>	<b>1,712</b>		<b>142</b>	<b>2,803</b>

2017	ELE provisions				Other employee benefits	Total
	Annual leave	Sick leave	Long service leave			
At beginning of year	805	243	1,718		29	2,795
Additional provisions	518	–	193		12	723
Amounts used (payments)	(638)	(36)	(245)		–	(919)
<b>Total ELE provisions at end of year</b>	<b>685</b>	<b>207</b>	<b>1,666</b>		<b>41</b>	<b>2,599</b>

**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.

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Provisions (continued)

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##### **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.

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

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##### **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.

## Bourke Shire Council

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

## Note 13. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	2,826	4,892
<b>Balance as per the Statement of Cash Flows</b>		<b>2,826</b>	<b>4,892</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>3,839</b>	<b>8,175</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		4,636	4,229
Net losses/(gains) on disposal of assets		338	90
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(734)	(296)
Increase/(decrease) in provision for doubtful debts		107	101
Decrease/(increase) in inventories		(26)	17
Decrease/(increase) in other assets		34	(32)
Increase/(decrease) in payables		356	512
Increase/(decrease) in accrued interest payable		(1)	(1)
Increase/(decrease) in other accrued expenses payable		84	(21)
Increase/(decrease) in other liabilities		232	(103)
Increase/(decrease) in employee leave entitlements		204	(196)
<b>Net cash provided from/(used in)</b>		<b>9,069</b>	<b>12,475</b>



## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 14. Commitments for expenditure

\$ '000	2018	2017
<b>(a) Capital commitments (exclusive of GST)</b>		
<b>Property, plant and equipment</b>		
Buildings	87	–
Plant and equipment	1,086	–
<b>Total commitments</b>	<b>1,173</b>	<b>–</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	1,173	–
Later than one year and not later than 5 years	–	–
Later than 5 years	–	–
<b>Total payable</b>	<b>1,173</b>	<b>–</b>
<b>Sources for funding of capital commitments:</b>		
Internally restricted reserves	137	–
Unexpended loans	1,036	–
<b>Total sources of funding</b>	<b>1,173</b>	<b>–</b>

**Details of capital commitments**

Council has committed to the purchase of major road plant items during the 2018/19 financial year including three (3) heavy rollers and two (2) prime mover vehicles to assist in the delivery of significant road improvements.

Council has also committed to replace industrial caravans with portable accommodation buildings for the purpose of providing base accommodation for road work crews at significant remote worksite.

Land will be purchased for the purpose of town beautification works.

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. 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 planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

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

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

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

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

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

## Bourke Shire Council

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

#### Note 15. Contingencies and other liabilities/assets not recognised (continued)

##### LIABILITIES NOT RECOGNISED (continued):

##### 1. Guarantees (continued)

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

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

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

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

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

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was \$115,343.33.

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

Council's expected contributions to the Fund for the next annual reporting period is \$ 133,898.36.

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%

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Contingencies and other liabilities/assets not recognised (continued)

##### LIABILITIES NOT RECOGNISED (continued):

##### 1. Guarantees (continued)

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

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

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.

##### (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.

## Bourke Shire Council

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

#### Note 15. Contingencies and other liabilities/assets not recognised (continued)

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##### **LIABILITIES NOT RECOGNISED (continued):**

##### **1. Guarantees (continued)**

##### **(iii) StateCover Limited (continued)**

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.

##### **ASSETS NOT RECOGNISED:**

##### **(i) Land under roads**

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

##### **(ii) Infringement notices/fines**

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

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

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

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

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. 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
<b>Financial assets</b>				
Cash and cash equivalents	2,826	4,892	2,826	4,892
Investments				
– 'Held to maturity'	18,496	13,649	18,496	13,649
Receivables	3,779	3,152	3,779	3,152
<b>Total financial assets</b>	<b>25,101</b>	<b>21,693</b>	<b>25,101</b>	<b>21,693</b>
<b>Financial liabilities</b>				
Payables	1,740	1,218	1,740	1,218
Loans/advances	3,814	4,119	3,814	4,119
<b>Total financial liabilities</b>	<b>5,554</b>	<b>5,337</b>	<b>5,554</b>	<b>5,337</b>

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.

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. 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.

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
<b>2018</b>				
Possible impact of a 1% movement in interest rates	231	231	(213)	(213)
<b>2017</b>				
Possible impact of a 1% movement in interest rates	185	185	(185)	(185)

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. 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
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	0%	31%	0%	31%
Overdue	100%	69%	100%	69%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of receivables – value</b>			<b>2018</b>	<b>2017</b>
<b>Rates and annual charges</b>				
< 1 year overdue			709	721
1 – 2 years overdue			186	61
			<b>895</b>	<b>782</b>
<b>Other receivables</b>				
Current			412	27
0 – 30 days overdue			620	1,296
31 – 60 days overdue			1,860	809
61 – 90 days overdue			318	394
> 91 days overdue			72	135
			<b>3,282</b>	<b>2,661</b>



## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Financial risk management (continued)

##### (c) Liquidity risk

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

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

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

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. 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		
<b>2018</b>							
Trade/other payables	0.00%	115	1,625	–	–	1,740	1,740
Loans and advances	5.83%	–	836	2,217	761	3,814	3,814
<b>Total financial liabilities</b>		<b>115</b>	<b>2,461</b>	<b>2,217</b>	<b>761</b>	<b>5,554</b>	<b>5,554</b>
<b>2017</b>							
Trade/other payables	0.00%	32	1,186	–	–	1,218	1,218
Loans and advances	6.00%	–	835	2,299	1,485	4,619	4,119
<b>Total financial liabilities</b>		<b>32</b>	<b>2,021</b>	<b>2,299</b>	<b>1,485</b>	<b>5,837</b>	<b>5,337</b>

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 28 May 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* -----		
<b>REVENUES</b>					
Rates and annual charges	3,835	3,883	48	1%	<b>F</b>
User charges and fees	5,710	8,849	3,139	55%	<b>F</b>
Council received additional works orders from RMS for State Highway works than estimated at the start of the year					
Interest and investment revenue	295	487	192	65%	<b>F</b>
A conservative approach was taken when setting the budget. Council was able to maintain reasonable investments for the period					
Other revenues	1,512	1,147	(365)	(24%)	<b>U</b>
Works included in the original budget were not completed reducing this income					
Operating grants and contributions	7,265	16,833	9,568	132%	<b>F</b>
Successful additional grant application were received this include funding for the Abattoir					
Capital grants and contributions	11,939	1,219	(10,720)	(90%)	<b>U</b>
Council budgeted for grants funding for the Bourke Swimming pool and cultural centre. All estimates were reliant on Grant funding not received					

## Bourke Shire Council

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

## Note 17. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee benefits and on-costs</b>	<b>6,502</b>	<b>7,886</b>	<b>(1,384)</b>	<b>(21%)</b>	<b>U</b>
Additional works undertaken due to successful grant applications					
<b>Borrowing costs</b>	<b>208</b>	<b>200</b>	<b>8</b>	<b>4%</b>	<b>F</b>
<b>Materials and contracts</b>	<b>9,422</b>	<b>12,867</b>	<b>(3,445)</b>	<b>(37%)</b>	<b>U</b>
Additional works undertaken due to successful grant applications.					
<b>Depreciation and amortisation</b>	<b>4,131</b>	<b>4,636</b>	<b>(505)</b>	<b>(12%)</b>	<b>U</b>
Building depreciation after revaluation					
<b>Other expenses</b>	<b>746</b>	<b>2,652</b>	<b>(1,906)</b>	<b>(255%)</b>	<b>U</b>
Transferred to a new finance system and allocation of expenses previously allocated to Materials and Contracts					

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

<b>Cash flows from operating activities</b>	<b>13,678</b>	<b>9,069</b>	<b>(4,609)</b>	<b>(33.7%)</b>	<b>U</b>
Additional costs incurred due to successful grant applications					
<b>Cash flows from investing activities</b>	<b>(11,158)</b>	<b>(10,830)</b>	<b>328</b>	<b>(2.9%)</b>	<b>F</b>
Additional infrastructure renewal completed with additional grant funding received					
<b>Cash flows from financing activities</b>	<b>(306)</b>	<b>(305)</b>	<b>1</b>	<b>(0.3%)</b>	<b>F</b>

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. 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	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>				
<b>Infrastructure, property, plant and equipment</b>				
Plant and equipment	–	–	3,772	3,772
Furniture and fittings/Office Equipment	–	–	423	423
Operational land	–	–	2,260	2,260
Community land	–	–	1,845	1,845
Buildings non-specialised	–	–	2,384	2,384
Buildings specialised	–	–	14,025	14,025
Other structures	–	–	3,181	3,181
Roads	–	–	132,229	132,229
Bridges	–	–	16,522	16,522
Footpaths	–	–	1,910	1,910
Stormwater drainage	–	–	4,946	4,946
Levee banks	–	–	7,279	7,279
Water supply network	–	–	18,150	18,150
Sewerage network	–	–	10,013	10,013
Swimming pools	–	–	1,602	1,602
Open spaces/recreational	–	–	3,271	3,271
Aerodromes	–	–	4,520	4,520
Heritage Items	–	–	1,999	1,999
Other assets	–	–	95	95
<b>Total infrastructure, property, plant and equipment</b>	<b>–</b>	<b>–</b>	<b>230,425</b>	<b>230,425</b>

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. 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	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>				
<b>Infrastructure, property, plant and equipment</b>				
Plant and equipment	–	–	3,673	3,673
Furniture and fittings	–	–	293	293
Operational land	–	–	1,051	1,051
Community land	–	–	1,443	1,443
Buildings non-specialised	–	–	2,846	2,846
Buildings specialised	–	–	21,275	21,275
Other structures	–	–	2,431	2,431
Roads	–	–	130,391	130,391
Bridges	–	–	16,126	16,126
Footpaths	–	–	4,006	4,006
Stormwater drainage	–	–	4,069	4,069
Levee banks	–	–	8,170	8,170
Water supply network	–	–	16,032	16,032
Sewerage network	–	–	10,092	10,092
Swimming pools	–	–	1,595	1,595
Open spaces/recreational	–	–	2,961	2,961
Other assets	–	–	3,947	3,947
Other assets	–	–	85	85
<b>Total infrastructure, property, plant and equipment</b>	<b>–</b>	<b>–</b>	<b>230,486</b>	<b>230,486</b>

## (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.

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement (continued)

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##### **(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**

Plant & Equipment are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Examples of assets within these classes are as follows:

Graders, trucks, rollers, tractors and motor vehicles

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

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##### **Operational and community land**

Operational & Community Land are based on the Land Value provided by the Valuer-General. Operational land is based on the Valuer-General's land value as these are representative of actual market values in the Bourke LGA or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the Land.

As these rates are not considered to be observable market evidence they have been classified as a Level 3

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

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##### **Buildings – non specialised and specialised**

Non Specialised & Specialised Buildings were valued by Australis Asset Advisory Group as at 30th June 2018, at Fair Value.

This approach estimated the fair value for each building by componentising the building into significant parts.

All buildings were physically inspected and elements such as useful life reassessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2023.

These assets have been classified as Level 3 valuation inputs.

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

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## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement (continued)

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

###### Other structures

The majority of this class of assets was valued by SFV as at 30th June 2016, at Fair Value.

The remaining portion is valued utilising the cost approach. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Examples of assets within these classes are as follows:

Waste Depot, Structure other than Buildings and Sale Yards

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

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###### Roads

Roads comprise of road carriageway, roadside shoulders, islands, kerb & guttering. They include sections sealed and unsealed. Road assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

An independent valuation is conducted every five years and is scheduled for revaluation in 2020.

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###### Bridges

Bridge assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

This category consists of all concrete bridges .

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market based evidence (Level 2 inputs) other inputs such as, pattern of consumption, traffic load and frequency, residual value, asset condition and useful life will impact significantly on the final determination of the fair value.

These assets have been classified as Level 3 valuation inputs.

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## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement (continued)

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

###### Footpaths

Footpath assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as at Level 3 valuation inputs. Footpaths are inspected annually and condition assessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2020.

###### Drainage infrastructure

Stormwater Drainage assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost. Assets within this class comprise pit, traps, pipes and channels. The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors in determination of fair value.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs. An independent valuation is conducted every five years. This asset class is scheduled for revaluation in 2020.

###### Water supply network

Water Supply assets were valued by Australis Asset Advisory Group as at 30th June 2017 at Current Replacement Cost and utilising Fair Value measurement. Assets within this class comprise reservoirs, pumping stations, treatment plant and pipelines. The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value. These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Water assets are independently valued every five years. And are scheduled for revaluation in 2022.

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



## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Fair value measurement (continued)

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

###### Sewerage network

Sewerage Network assets were valued by Australis Asset Advisory Group as at 30th June 2017 at Current Replacement Cost and utilising Fair Value measurement.

Assets within this class comprise pumping stations, treatment plant and pipelines.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Sewerage assets are independently valued every five years and are scheduled for revaluation in 2022.

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

###### Swimming pools

Assets within this class comprise Council's outdoor swimming pool.

The Cost Approach was utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

Valuations for this asset class were undertaken in-house based on actual costs and assumptions from the Council's Environmental Services Department.

These assets have been classified as Level 3 valuation inputs.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, required extensive professional judgement and impact significantly on the final determination of fair value.

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

###### Open spaces/recreational assets

Assets within this class comprise leisure and sporting equipment and facilities within cemeteries, parks, ovals sporting complexes and other recreational areas.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

These assets have been classified as Level 3 valuation inputs.

All assets were valued in-house by experienced Department staff.

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

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. 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	Operational land	Community land	Total
<b>Opening balance – 1/7/16</b>	3,165	237	1,260	1,443	6,105
Transfers from/(to) another asset class	–	(59)	–	–	(59)
Purchases (GBV)	1,505	154	–	–	1,659
Disposals (WDV)	(173)	–	(209)	–	(382)
Depreciation and impairment	(824)	(39)	–	–	(863)
<b>Closing balance – 30/6/17</b>	<b>3,673</b>	<b>293</b>	<b>1,051</b>	<b>1,443</b>	<b>6,460</b>
Purchases (GBV)	1,203	174	–	–	1,377
Disposals (WDV)	(272)	–	–	–	(272)
Depreciation and impairment	(833)	(45)	–	–	(878)
Other movement (details here)	1	1	–	–	2
Other movement (Revaluation)	–	–	1,209	402	1,611
<b>Closing balance – 30/6/18</b>	<b>3,772</b>	<b>423</b>	<b>2,260</b>	<b>1,845</b>	<b>8,300</b>

	Buildings non- specialised	Buildings specialised	Other structures	Swimming pools	Total
<b>Opening balance – 1/7/16</b>	2,426	22,019	2,372	795	27,612
Transfers from/(to) another asset class	446	(446)	–	59	59
Purchases (GBV)	23	129	216	783	1,151
Depreciation and impairment	(49)	(427)	(157)	(42)	(675)
<b>Closing balance – 30/6/17</b>	<b>2,846</b>	<b>21,275</b>	<b>2,431</b>	<b>1,595</b>	<b>28,147</b>
Transfers from/(to) another asset class	(71)	(1,372)	941	90	(412)
Purchases (GBV)	–	320	139	–	459
Disposals (WDV)	(11)	(38)	(3)	–	(52)
Depreciation and impairment	(50)	(272)	(328)	(83)	(733)
Other movement (details here)	1	–	–	–	1
Other movement (Revaluation)	(329)	(5,888)	–	–	(6,217)
<b>Closing balance – 30/6/18</b>	<b>2,384</b>	<b>14,025</b>	<b>3,181</b>	<b>1,602</b>	<b>21,192</b>

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. 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)

	Roads	Bridges	Footpaths	Recreati- -onal	Total
<b>Opening balance – 1/7/16</b>	134,425	15,166	4,103	3,128	156,822
Transfers from/(to) another asset class	(4,053)	–	–	–	(4,053)
Purchases (GBV)	1,763	1,190	9	30	2,992
Disposals (WDV)	(527)	–	–	(6)	(533)
Depreciation and impairment	(1,217)	(230)	(106)	(191)	(1,744)
<b>Closing balance – 30/6/17</b>	<b>130,391</b>	<b>16,126</b>	<b>4,006</b>	<b>2,961</b>	<b>153,484</b>
Transfers from/(to) another asset class	–	–	(2,024)	373	(1,651)
Purchases (GBV)	3,141	914	–	132	4,187
Disposals (WDV)	(17)	(277)	–	(6)	(299)
Depreciation and impairment	(1,286)	(241)	(72)	(189)	(1,788)
Other movement (details here)	–	(1)	–	–	(1)
<b>Closing balance – 30/6/18</b>	<b>132,229</b>	<b>16,522</b>	<b>1,910</b>	<b>3,271</b>	<b>153,933</b>

	Water supply network	Sewerage network	Levee banks stormwater drainage	Lib/Hertge Aero/Other WIP	Total
<b>Opening balance – 1/7/16</b>	9,946	9,387	12,514	98	31,945
Transfers from/(to) another asset class	–	–	–	4,053	4,053
Purchases (GBV)	–	10	–	21	31
Disposals (WDV)	–	–	–	(24)	(24)
Depreciation and impairment	(343)	(213)	(275)	(116)	(947)
Other movement	6,429	908	–	–	7,337
<b>Closing balance – 30/6/17</b>	<b>16,032</b>	<b>10,092</b>	<b>12,239</b>	<b>4,032</b>	<b>42,395</b>
Transfers from/(to) another asset class	39	–	–	2,029	2,068
Purchases (GBV)	2,295	–	261	792	3,348
Disposals (WDV)	(11)	–	–	(134)	(145)
Depreciation and impairment	(577)	(285)	(275)	(100)	(1,237)
Other movement (details here)	(1)	1	(1)	(5)	(6)
Other movement (Indexation)	373	206	–	–	579
<b>Closing balance – 30/6/18</b>	<b>18,150</b>	<b>10,013</b>	<b>12,225</b>	<b>6,614</b>	<b>47,001</b>

NOTE: Excludes WIP as WIP at Cost. Above will differ from Note 9a by WIP \$975

## Bourke Shire Council

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

#### Note 18. Fair value measurement (continued)

\$ '000

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

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

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

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
<b>IPP&amp;E</b>			
Plant & Equipment	3,772	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Land	4,105	Fair value	Land Value as per Valuer General value
Buildings	16,409	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Roads, Bridges & Footpaths	150,661	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Aerodromes	4,520	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Stormwater/Levees	12,225	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Water Supply	18,150	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Sewerage Network	10,013	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Other Structures, Open Spaces & Swim Pools	8,054	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Other Assets - Library, Heritage, Office Equip & Furniture & Fittings	2,517	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value

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

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

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. Related party transactions

\$ '000

##### a. Key management personnel

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

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

<b>Compensation:</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	900	933
Post-employment benefits	86	98
Other long-term benefits	25	31
<b>Total</b>	<b>1,011</b>	<b>1,063</b>

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. 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.

<b>Nature of the transaction</b>		<b>Value of transactions during year</b>	<b>Outstanding balance</b>	<b>Terms and conditions</b>	<b>Provisions for doubtful debts outstanding</b>	<b>Doubtful debts expense recognised</b>
	Ref	Actual \$	(incl. loans and commitments) Actual \$		Actual \$	Actual \$
<b>2018</b>						
Accommodation	1	11,000	-	7 days	-	-
Supply of Air-conditioning and repairs	3	41,000	-	30 days	-	-
Supply of consumables	2	4,000	-	7 days	-	-
Supply of consumables	2	2,000	-	30 days	-	-
Vet services	5	5,000	-	7 days	-	-

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. Related party transactions (continued)

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

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
<b>2017</b>						
Accommodation	1	29,000	—	7 days	—	—
Supply of merchandise	2	3,000	—	7 days	—	—
Supply of Air-conditioning and repairs	3	47,000	—	30 days	—	—
Supply of consumables	3	1,000	—	7 days	—	—
Supply of consumables	3	5,000	—	30 days	—	—
Supply of service	4	8,000	—	7 days	—	—
Supply of consumables	3	4,000	—	30 days	—	—
Vet services	5	10,000	—	7 days	—	—

## Bourke Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. Related party transactions (continued)

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

- 1 Accommodation provided to key contracting staff that are working for longer periods of time. The procurement of the accommodation is undertaken in line with the current Procurement Policy. Amounts billed were based on normal rates for such a supply and were due and payable under normal payment terms.
- 2 Council purchased giftware during the year from a KMP family member. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment conditions
- 3 Close family members of Council's KMP are engaged to undertake service , repair and installation works. They are also provide goods and service to the Council. This works is procured under the conditions of the Procurement Policy. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment conditions following the procurement process
- 4 Contract works undertaken by the KMP within a speciality area. The KMP was Councillor. Amounts billed were based on normal rates for such supply and were due and payable under normal payment terms
- 5 Council required services of the Veterinary Service, the vet is a close family member of KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the council's procurement process



## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	951	779	2,153
User charges and fees	638	1	8,210
Interest and investment revenue	128	48	311
Other revenues	88	88	971
Grants and contributions provided for operating purposes	22	6	16,805
Grants and contributions provided for capital purposes	357	36	826
<b>Total income from continuing operations</b>	<b>2,184</b>	<b>958</b>	<b>29,276</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	123	94	7,669
Borrowing costs	30	5	165
Materials and contracts	757	296	11,814
Depreciation and amortisation	626	301	3,709
Other expenses	664	399	1,589
Net losses from the disposal of assets	50	–	288
<b>Total expenses from continuing operations</b>	<b>2,250</b>	<b>1,095</b>	<b>25,234</b>
<b>Operating result from continuing operations</b>	<b>(66)</b>	<b>(137)</b>	<b>4,042</b>
<b>Net operating result attributable to each council fund</b>	<b>(66)</b>	<b>(137)</b>	<b>4,042</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(423)</b>	<b>(173)</b>	<b>3,216</b>

<sup>1</sup> General fund refers to all Council's activities other than Water, Sewer and Other

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

## Bourke Shire Council

## Notes to the Financial Statements

as at 30 June 2018

## Note 20. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	3,641	1,531	6,426
Investments	–	–	9,724
Receivables	640	127	2,642
Inventories	–	–	99
Other	1	–	31
<b>Total current assets</b>	<b>4,282</b>	<b>1,658</b>	<b>18,922</b>
<b>Non-current assets</b>			
Receivables	34	57	279
Infrastructure, property, plant and equipment	18,732	10,150	202,518
<b>Total non-current assets</b>	<b>18,766</b>	<b>10,207</b>	<b>202,797</b>
<b>TOTAL ASSETS</b>	<b>23,048</b>	<b>11,865</b>	<b>221,719</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	110	115	1,515
Income received in advance	–	–	349
Borrowings	34	4	798
Provisions	154	103	2,460
<b>Total current liabilities</b>	<b>298</b>	<b>222</b>	<b>5,122</b>
<b>Non-current liabilities</b>			
Borrowings	383	75	2,520
Provisions	5	3	78
<b>Total non-current liabilities</b>	<b>388</b>	<b>78</b>	<b>2,598</b>
<b>TOTAL LIABILITIES</b>	<b>686</b>	<b>300</b>	<b>7,720</b>
<b>Net assets</b>	<b>22,362</b>	<b>11,565</b>	<b>213,999</b>
<b>EQUITY</b>			
Accumulated surplus	9,269	4,664	122,212
Revaluation reserves	13,093	6,901	91,787
<b>Total equity</b>	<b>22,362</b>	<b>11,565</b>	<b>213,999</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water, Sewer and Other

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

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
<b>Local government industry indicators – consolidated</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>2,958</u>	<b>9.48%</b>	21.27%	6.99%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>31,199</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>14,366</u>	<b>44.32%</b>	40.83%	45.45%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>32,418</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>(2)</sup>	<u>18,513</u>	<b>5.26x</b>	4.26x	2.69x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>3,522</u>				
<b>4. Debt service cover ratio</b>					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>7,794</u>	<b>7.53x</b>	8.57x	4.45x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>1,035</u>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<u>698</u>	<b>15.19%</b>	14.90%	15.86%	10%
Rates, annual and extra charges collectible	<u>4,594</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>21,322</u>	<b>10.74 mths</b>	12.9 mths	10.1 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>1,985</u>				

## Notes

<sup>(1)</sup> 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.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

<sup>(3)</sup> Refer to Notes 10 and 11.

<sup>(4)</sup> 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).

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21(b). Statement of performance measures – by fund

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Local government industry indicators – by fund</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
less operating expenses							
<hr/>	<b>12.49%</b>	22.48%	<b>-23.15%</b>	14.94%	<b>-18.76%</b>	6.22%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<hr/>	<b>39.78%</b>	34.49%	<b>82.60%</b>	77.87%	<b>95.72%</b>	97.54%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions <sup>(2)</sup>							
<hr/>	<b>5.26x</b>	4.26x	<b>14.18x</b>	44.79x	<b>7.64x</b>	344.50x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>							

## Notes

(1) - (4) Refer to Notes at Note 21a above.

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

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
<b>4. Debt service cover ratio</b>							
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>7.43x</b>	7.95x	<b>7.77x</b>	23.47x	<b>26.60x</b>	36.00x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>14.23%</b>	-3.34%	<b>12.88%</b>	52.82%	<b>21.49%</b>	27.08%	< 10% regional & rural
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>9.03</b>	10.96	<b>27.81</b>	27.86	<b>23.14</b>	21.91	> 3 months
Payments from cash flow of operating and financing activities	<b>months</b>	months	<b>months</b>	months	<b>months</b>	months	

## Notes

(1) Refer to Notes at Note 21a above.

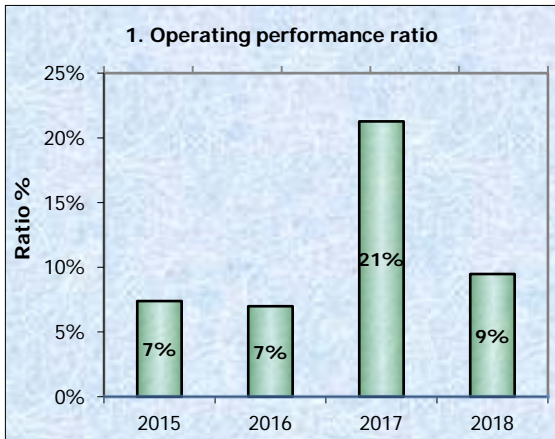
(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

END OF AUDITED FINANCIAL STATEMENTS

# Bourke Shire Council

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

### Note 21(c). Statement of performance measures – consolidated results (graphs)



#### Purpose of operating performance ratio

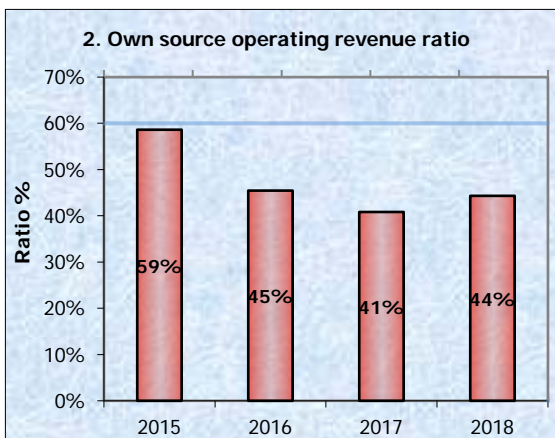
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**2017/18 ratio 9.48%**

Benchmark: Minimum  $\geq 0.00\%$

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

Ratio achieves benchmark  
 Ratio is outside benchmark



#### Purpose of own source operating revenue ratio

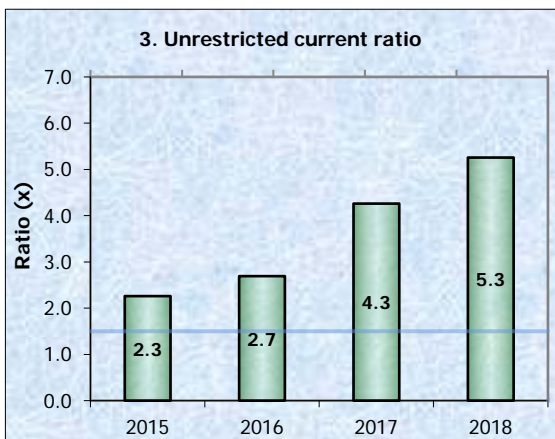
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

**2017/18 ratio 44.32%**

Benchmark: Minimum  $\geq 60.00\%$

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

Ratio achieves benchmark  
 Ratio is outside benchmark



#### Purpose of unrestricted current ratio

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

**2017/18 ratio 5.26x**

Benchmark: Minimum  $\geq 1.50$

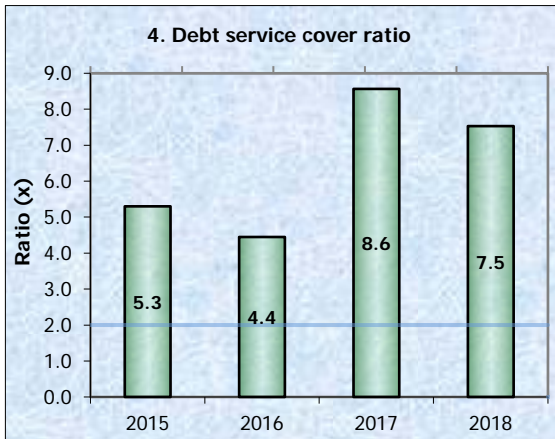
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark

# Bourke Shire Council

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

### Note 21(c). Statement of performance measures – consolidated results (graphs)



**Purpose of debt service cover ratio**

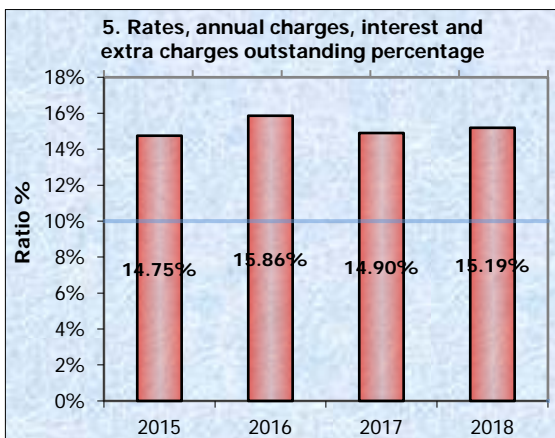
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**2017/18 ratio 7.53x**

Benchmark: Minimum  $\geq 2.00$

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**

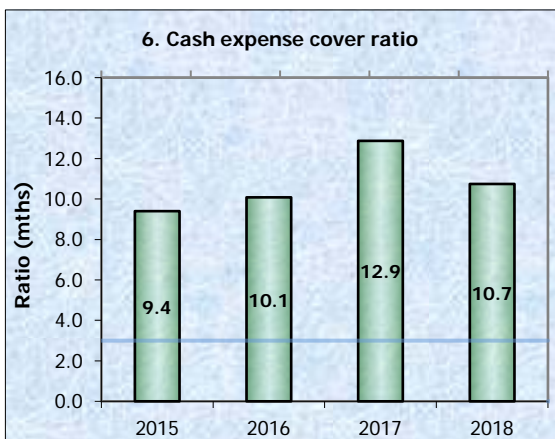
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**2017/18 ratio 15.19%**

Benchmark: Maximum  $< 10.00\%$

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

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of cash expense cover ratio**

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

**2017/18 ratio 10.74 mths**

Benchmark: Minimum  $\geq 3.00$

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

Ratio achieves benchmark  
 Ratio is outside benchmark

## Bourke Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Financial review and commentary

\$ '000

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

	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
<b>Financial performance figures</b>					
<b>Inflows:</b>					
Rates and annual charges revenue	3,883	3,791	3,674	3,527	3,439
User charges revenue	8,849	6,392	4,397	7,090	6,827
Interest and investment revenue (losses)	487	440	454	400	435
Grants income – operating and capital	15,322	14,880	9,183	7,096	4,276
Total income from continuing operations	32,418	29,081	21,055	22,576	18,246
Sale proceeds from IPP&E	430	849	400	275	336
New loan borrowings and advances	530	1,011	252	1,278	965
<b>Outflows:</b>					
Employee benefits and on-cost expenses	7,886	7,511	7,140	6,837	6,411
Borrowing costs	200	212	258	262	264
Materials and contracts expenses	12,867	7,000	4,501	6,337	6,566
Total expenses from continuing operations	28,579	20,906	17,449	18,908	19,566
Total cash purchases of IPP&E	6,413	8,010	4,267	7,437	4,754
Total loan repayments (incl. finance leases)	835	963	1,022	816	687
Operating surplus/(deficit) (excl. capital income)	2,620	5,533	1,274	1,494	(2,074)
<b>Financial position figures</b>					
Current assets	24,995	21,727	16,132	14,205	12,268
Current liabilities	5,642	5,384	5,694	5,816	4,723
Net current assets	19,353	16,343	10,438	8,389	7,545
Available working capital (Unrestricted net current assets)	12,038	13,259	7,590	6,034	4,647
Cash and investments – unrestricted	10,809	12,183	7,389	6,533	4,695
Cash and investments – internal restrictions	4,799	1,149	1,132	1,114	773
Cash and investments – total	21,322	18,541	13,179	11,630	10,252
Total borrowings outstanding (Loans, advances and finance leases)	3,814	4,119	4,071	4,841	4,379
Total value of IPP&E (excl. land and earthwork)	328,213	323,879	308,458	302,727	286,273
Total accumulated depreciation	100,917	91,954	85,785	80,610	79,418
Indicative remaining useful life (as a % of GBV)	69%	72%	72%	73%	72%

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



## Bourke Shire Council

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

#### Note 23. Council information and contact details

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**Principal place of business:**

29 Mitchell St  
Bourke NSW 2840

**Contact details**

**Mailing address:**

PO Box 21  
Bourke NSW 2840

**Opening hours:**

Shire Office:	Mon - Fri 8:00am to 4:30pm
Service NSW	Mon - Thur 8:30am to 4:00pm
Agency	Fri 8:30am to 3:45pm

**Telephone:** 02 6830 8000

**Facsimile:** 02 6872 3030

**Internet:** <http://www.bourke.nsw.gov.au>

**Email:** [bourkeshire@bourke.nsw.gov.au](mailto:bourkeshire@bourke.nsw.gov.au)

**Officers**

**GENERAL MANAGER**

Ross Earl

**Elected members**

**MAYOR**

Barry Hollman

**RESPONSIBLE ACCOUNTING OFFICER**

Leonie Brown

**Other information**

**ABN:** 96 716 194 950



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

To the Councillors of Bourke Shire Council

## Opinion

I have audited the accompanying financial report of Bourke 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](http://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 16 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

12 November 2018  
SYDNEY

Mr Barry Hollman  
Mayor  
Bourke Shire Council  
PO Box 21  
BOURKE NSW 2840

Contact: David Nolan  
Phone no: 02 9275 7377  
Our ref: D1828149/1698

12 November 2018

Dear Mayor

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

I have audited the general purpose financial statements of Bourke 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 \$m	2017 * \$m	Variance %
<b>Rates and annual charges revenue</b>	3.9	3.8	↑ 2.4
<b>Grants and contributions revenue</b>	18.0	17.2	↑ 4.9
<b>Operating result for the year</b>	3.8	8.2	↓ 53.0
<b>Net operating result before capital amounts</b>	2.6	5.5	↓ 52.6

Council’s operating result (\$3.8 million including the effect of depreciation expense of \$4.6 million) was \$4.3 million lower than the 2016–17 result. The decrease from the previous period is the result of an increase in materials and contract expenses \$5.9 million offset by a \$2.2 million increase in RMS charges.

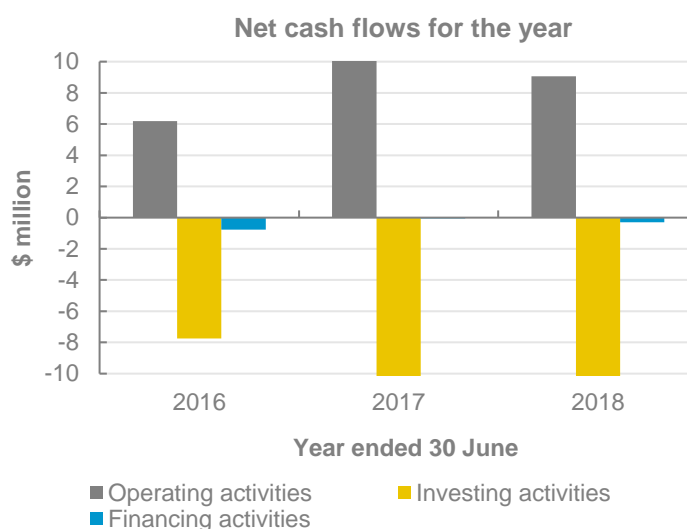
The net operating result before capital grants and contributions (\$2.6 million) was \$2.9 million lower than the 2016–17 result for the reasons noted above.

Rates and annual charges revenue (\$3.9 million) increased by \$92,000 (2.4 per cent) in 2017–2018.

Grants and contributions revenue (\$18.0 million) increased by \$0.8 million (4.9 per cent) in 2017–2018 due to the receipt of the economic development grant and offset by the effect of the timing of receipts of financial assistance grants.

## 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 \$2.1 million to \$2.8 million at the close of the year.
- The decrease can be mostly attributed to an increase in longer term deposits.



## FINANCIAL POSITION

### Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	5.7	5.2	• External restrictions include unspent specific purpose grants, contributions and domestic waste charges, and water and sewerage funds.
Internal restrictions	4.8	1.1	
Unrestricted	10.8	12.2	• 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.
<b>Cash and investments</b>	<b>21.3</b>	<b>18.5</b>	

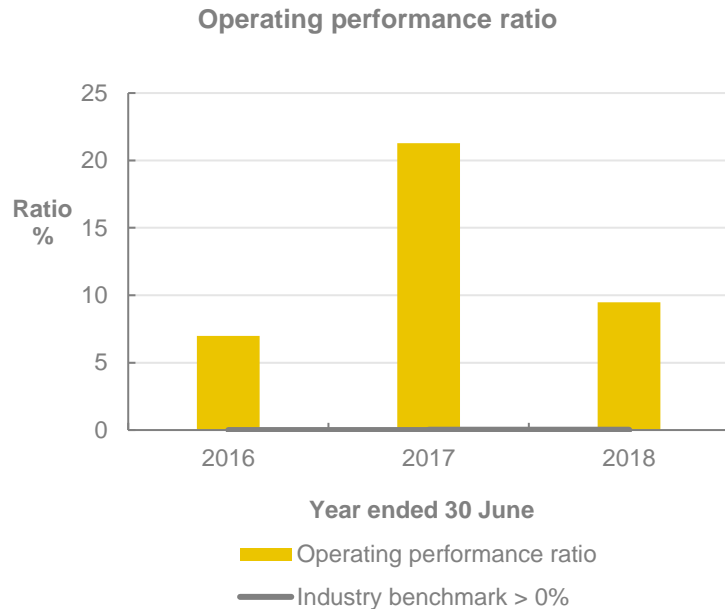
## PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 20 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

### Operating performance ratio

- The indicator of 9.5 per cent was above the industry benchmark.
- The variance from the previous year is due to the reduced operating result noted above.

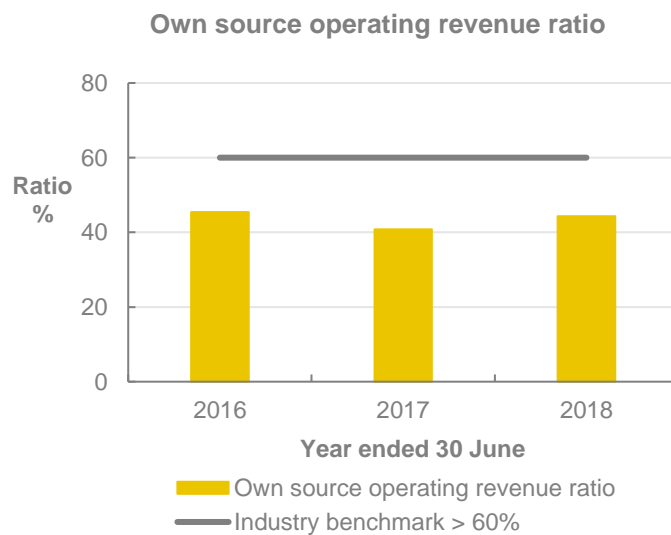
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



### Own source operating revenue ratio

- Council's own source operating revenue ratio of 44.3 per cent was below the industry benchmark.

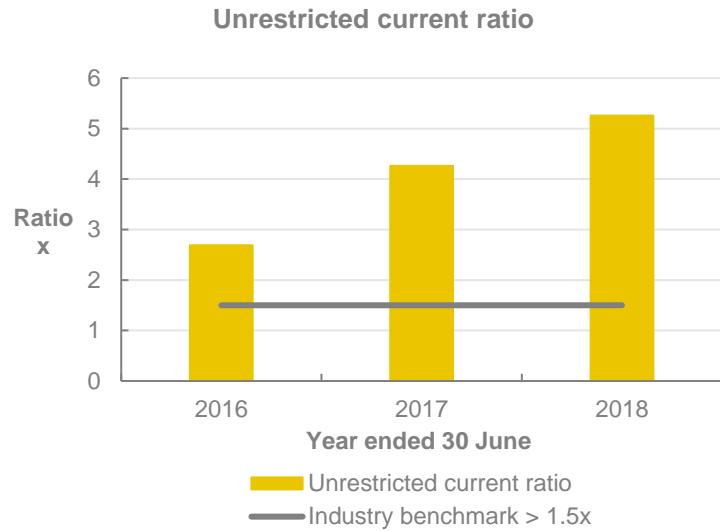
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



## Unrestricted current ratio

- This ratio indicated that Council currently had \$5.26 of unrestricted current assets available to service every one dollar of its unrestricted current liabilities. This exceeded the industry benchmark. The improvement is the result of increased cash held.

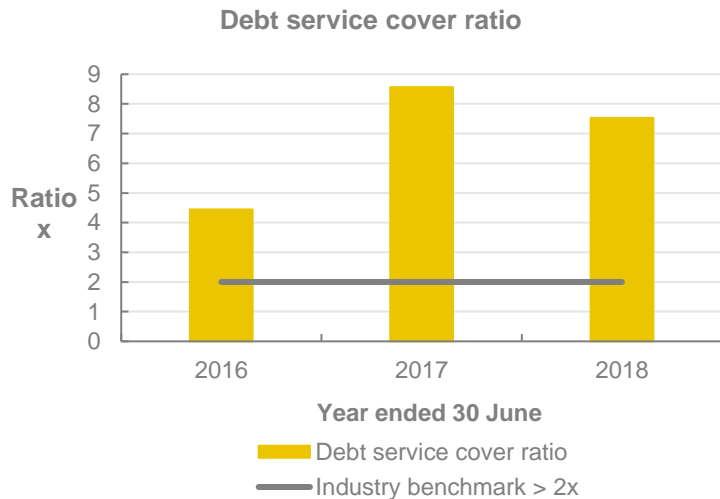
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



## Debt service cover ratio

- The debt service cover ratio of 7.5 times exceeded the industry benchmark.
- The variance from the previous is a reflection of the reduced operating result for 2017–18.

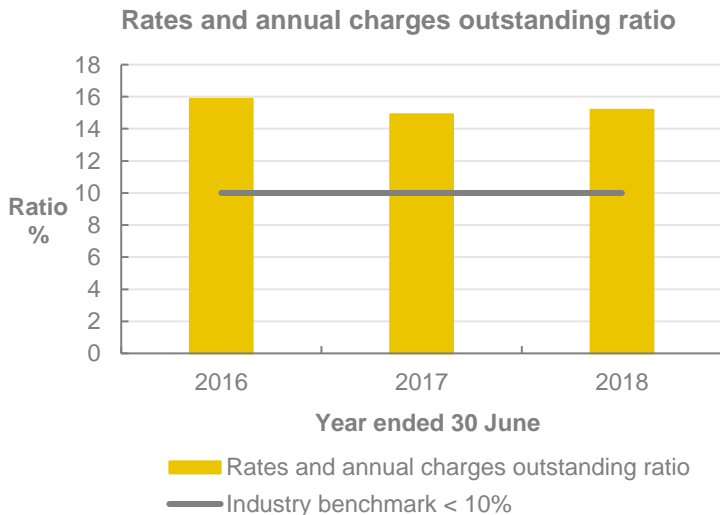
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding ratio

- Council's outstanding rates and charges ratio of 15.2 per cent exceeded the industry benchmark and continues to be a cause for concern.

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.

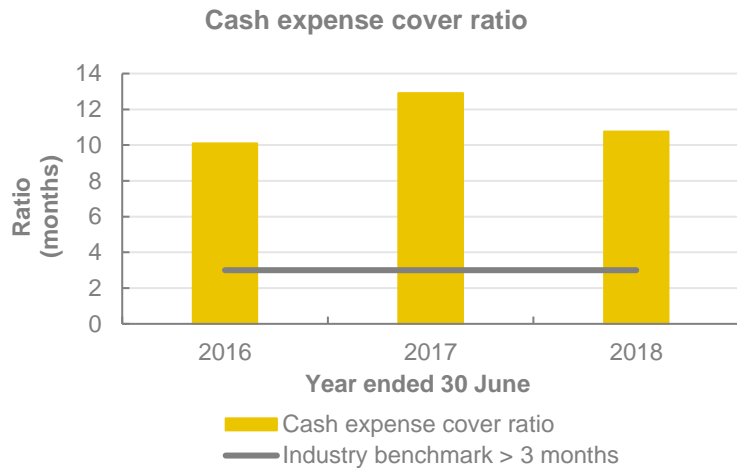




### Cash expense cover ratio

- Council's cash expense cover ratio of 10.8 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.

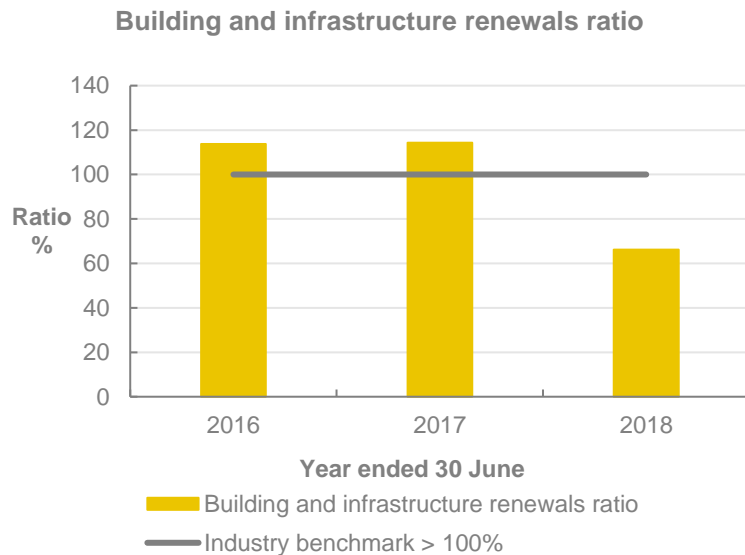


### Building and infrastructure renewals ratio (unaudited)

- Council's building and infrastructure renewals ratio of 63.3 per cent was below the industry benchmark and reflects the combination of a smaller capital works program and the impact of increased depreciation on revalued water and sewer network assets.

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

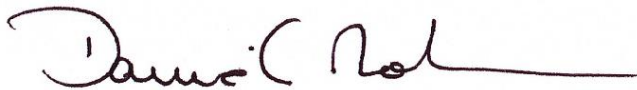
This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11(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: Mr Ross Earl, General Manager  
Tim Hurst, Chief Executive of the Office of Local Government

# Bourke Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

---

*"To build a strong, united community, proud  
of our past and committed to our future"*



## Bourke Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
<b>1. Statement by Councillors and Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
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
<b>3. Notes to the Special Purpose Financial Statements</b>	7
<b>4. Auditor’s Report</b>	17

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

## Bourke Shire Council

### Special Purpose Financial Statements for the year ended 30 June 2018

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 August 2018.




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Barry Hollman  
Mayor




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Lachlan Ford  
Councillor



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Ross Earl  
General manager



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Leonie Brown  
Responsible accounting officer

## Bourke Shire Council

## Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	951	1,047
User charges	636	697
Fees	2	3
Interest	128	105
Grants and contributions provided for non-capital purposes	22	7
Other income	88	403
<b>Total income from continuing operations</b>	<b>1,827</b>	<b>2,262</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	123	467
Borrowing costs	30	32
Materials and contracts	757	887
Depreciation, amortisation and impairment	626	381
Loss on sale of assets	50	–
Other expenses	664	157
<b>Total expenses from continuing operations</b>	<b>2,250</b>	<b>1,924</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(423)</b>	<b>338</b>
Grants and contributions provided for capital purposes	357	634
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(66)</b>	<b>972</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(66)</b>	<b>972</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	127	(101)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>61</b>	<b>871</b>
Plus opening retained profits	9,335	8,363
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	(127)	101
<b>Closing retained profits</b>	<b>9,269</b>	<b>9,335</b>
Return on capital %	-2.1%	2.0%
Subsidy from Council	886	77
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	61	871
Less: capital grants and contributions (excluding developer contributions)	(357)	(634)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>237</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>118</b>

## Bourke Shire Council

## Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	779	816
User charges	–	5
Fees	1	–
Interest	48	30
Grants and contributions provided for non-capital purposes	6	6
Profit from the sale of assets	–	8
Other income	88	50
<b>Total income from continuing operations</b>	<b>922</b>	<b>915</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	94	242
Borrowing costs	5	8
Materials and contracts	296	343
Depreciation, amortisation and impairment	301	223
Other expenses	399	44
<b>Total expenses from continuing operations</b>	<b>1,095</b>	<b>860</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(173)</b>	<b>55</b>
Grants and contributions provided for capital purposes	36	19
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(137)</b>	<b>74</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(137)</b>	<b>74</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	52	(17)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(85)</b>	<b>58</b>
Plus opening retained profits	4,801	4,727
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	(52)	17
<b>Closing retained profits</b>	<b>4,664</b>	<b>4,801</b>
<b>Return on capital %</b>	<b>-1.7%</b>	<b>0.6%</b>
<b>Subsidy from Council</b>	<b>435</b>	<b>179</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(85)	58
Less: capital grants and contributions (excluding developer contributions)	(36)	(19)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>39</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>19</b>

## Bourke Shire Council

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

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,641	3,582
Receivables	640	553
Other	1	–
<b>Total current assets</b>	<b>4,282</b>	<b>4,135</b>
<b>Non-current assets</b>		
Receivables	34	–
Infrastructure, property, plant and equipment	18,732	18,789
<b>Total non-current assets</b>	<b>18,766</b>	<b>18,789</b>
<b>TOTAL ASSETS</b>	<b>22,048</b>	<b>22,924</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	110	46
Borrowings	34	32
Provisions	154	–
<b>Total current liabilities</b>	<b>298</b>	<b>78</b>
<b>Non-current liabilities</b>		
Borrowings	383	412
Provisions	5	4
<b>Total non-current liabilities</b>	<b>388</b>	<b>416</b>
<b>TOTAL LIABILITIES</b>	<b>686</b>	<b>494</b>
<b>NET ASSETS</b>	<b>22,362</b>	<b>22,430</b>
<b>EQUITY</b>		
Accumulated surplus	9,269	9,335
Revaluation reserves	13,093	13,095
Other reserves	–	–
<b>TOTAL EQUITY</b>	<b>22,362</b>	<b>22,430</b>



## Bourke Shire Council

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

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,531	1,163
Receivables	127	221
<b>Total current Assets</b>	<b>1,658</b>	<b>1,384</b>
<b>Non-current assets</b>		
Receivables	57	–
Infrastructure, property, plant and equipment	10,150	10,173
<b>Total non-current assets</b>	<b>10,207</b>	<b>10,173</b>
<b>TOTAL ASSETS</b>	<b>11,865</b>	<b>11,557</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	115	–
Borrowings	4	4
Provisions	103	–
<b>Total current liabilities</b>	<b>222</b>	<b>4</b>
<b>Non-current liabilities</b>		
Borrowings	75	79
Provisions	3	–
<b>Total non-current liabilities</b>	<b>78</b>	<b>79</b>
<b>TOTAL LIABILITIES</b>	<b>300</b>	<b>83</b>
<b>NET ASSETS</b>	<b>11,565</b>	<b>11,474</b>
<b>EQUITY</b>		
Accumulated surplus	4,664	4,801
Revaluation reserves	6,901	6,673
<b>TOTAL EQUITY</b>	<b>11,565</b>	<b>11,474</b>

## Bourke 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

## Bourke Shire Council

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

#### Note 1. Significant accounting policies

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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.

#### 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)*

Council has no Category 1 Business Activities.

##### Category 2

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

##### a. Bourke Shire Council Water Supplies

Water supply operations and net assets servicing the town of Bourke and the villages of Byrock, Enngonia, Fords Bridge, Louth and Wanaaring.

## Bourke Shire Council

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

#### Note 1. Significant accounting policies (continued)

##### b. Bourke Shire Council Sewerage Service

Sewerage reticulation and treatment operations and net assets servicing the town of Bourke.

##### 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 as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

##### Income tax

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

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

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

## Bourke Shire Council

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

#### Note 1. Significant accounting policies (continued)

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.

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**

## Bourke Shire Council

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

#### Note 1. Significant accounting policies (continued)

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As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.79% at 30/6/18.

##### *(iv) Dividends*

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

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

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

**END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS**

## Bourke 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	4,254
(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]	-
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	42,540
(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	(208,400)

2018 Surplus	(296,000)	2017 Surplus	236,600	2016 Surplus	(149,000)
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(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? <sup>a</sup>	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

## Bourke Shire Council

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

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

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

##### National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,635
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)]	%	58.79%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	18,591
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	1,322
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	–
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)]	%	-1.20%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	357

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



## Bourke 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	3,639
(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]	-
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	36,390
(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	49,100

2018 Surplus	(121,000)	2017 Surplus	38,500	2016 Surplus	131,600
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(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? <sup>a</sup>	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

## Bourke 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)

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


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**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	798
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	10,121
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	660
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)]	%	-0.74%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	36

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**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	2,559
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.47%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	–
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)]	%	-1.04%
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%

## Bourke 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)

<b>NWI F22</b>	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)]	%	-13.78%
<b>NWI F23</b>	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest  Earnings before interest and tax (EBIT): <span style="border: 1px solid black; padding: 2px;">(336)</span> 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: <span style="border: 1px solid black; padding: 2px;">(102)</span> Interest expense (w4a + s4a) – interest income (w9 + s10)		-
<b>NWI F24</b>	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(596)
<b>NWI F25</b>	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	12

- 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**

#### **Bourke Shire Council**

To the Councillors of Bourke Shire Council

### **Opinion**

I have audited the accompanying special purpose financial report (the financial report) of Bourke 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:

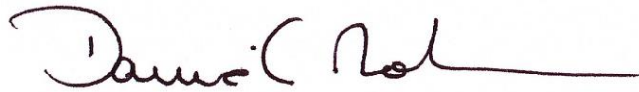
- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

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

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

David Nolan  
Director, Financial Audit Services

12 November 2018  
SYDNEY

# Bourke Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

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*"To build a strong, united community, proud  
of our past and committed to our future"*



# Bourke Shire Council

## Special Schedules

for the year ended 30 June 2018

### Contents

Page

#### Special Schedules <sup>1</sup>

<b>Special Schedule 1</b>	Net Cost of Services	2
<b>Special Schedule 2</b>	Permissible income for general rates	4
<b>Special Schedule 2</b>	Independent Auditors Report	5
<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement	8
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position	11
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement	12
<b>Special Schedule 6</b>	Sewerage Service – Statement of Financial Position	15
<b>Notes to Special Schedules 3 and 5</b>		16
<b>Special Schedule 7</b>	Report on Infrastructure Assets	17

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

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#### 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.



## Bourke 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	
<b>Governance</b>	<b>265</b>	<b>–</b>	<b>–</b>	<b>(265)</b>
<b>Administration</b>	<b>1,070</b>	<b>506</b>	<b>–</b>	<b>(564)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	527	393	–	(134)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	115	10	–	(105)
Other	128	10	–	(118)
<b>Total public order and safety</b>	<b>770</b>	<b>413</b>	<b>–</b>	<b>(357)</b>
<b>Health</b>	<b>580</b>	<b>74</b>	<b>–</b>	<b>(506)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	130	54	–	(76)
Other environmental protection	204	–	–	(204)
Solid waste management	796	626	–	(170)
Street cleaning	254	–	–	(254)
Drainage	145	152	–	7
Stormwater management	–	–	–	–
<b>Total environment</b>	<b>1,529</b>	<b>832</b>	<b>–</b>	<b>(697)</b>
<b>Community services and education</b>				
Administration and education	44	(13)	–	(57)
Social protection (welfare)	10	1	–	(9)
Aged persons and disabled	14	–	–	(14)
Children's services	86	–	–	(86)
<b>Total community services and education</b>	<b>154</b>	<b>(12)</b>	<b>–</b>	<b>(166)</b>
<b>Housing and community amenities</b>				
Public cemeteries	174	27	–	(147)
Public conveniences	29	–	–	(29)
Street lighting	127	34	–	(93)
Town planning	23	22	–	(1)
Other community amenities	94	112	–	18
<b>Total housing and community amenities</b>	<b>447</b>	<b>195</b>	<b>–</b>	<b>(252)</b>
<b>Water supplies</b>	<b>2,248</b>	<b>1,825</b>	<b>357</b>	<b>(66)</b>
<b>Sewerage services</b>	<b>1,096</b>	<b>923</b>	<b>36</b>	<b>(137)</b>

## Bourke 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	
<b>Recreation and culture</b>				
Public libraries	278	85	–	(193)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	61	9	–	(52)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	43	11	–	(32)
Sporting grounds and venues	375	33	–	(342)
Swimming pools	297	–	–	(297)
Parks and gardens (lakes)	403	55	–	(348)
Other sport and recreation	70	168	–	98
<b>Total recreation and culture</b>	<b>1,527</b>	<b>361</b>	<b>–</b>	<b>(1,166)</b>
<b>Fuel and energy</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Agriculture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Mining, manufacturing and construction</b>				
Building control	–	20	–	20
Other mining, manufacturing and construction	122	–	–	(122)
<b>Total mining, manufacturing and const.</b>	<b>122</b>	<b>20</b>	<b>–</b>	<b>(102)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	708	–	–	(708)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	302	–	–	(302)
Sealed rural roads (SRR) – regional	644	3,444	826	3,626
Unsealed rural roads (URR) – local	1,003	–	–	(1,003)
Unsealed rural roads (URR) – regional	1,172	–	–	(1,172)
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	242	–	–	(242)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	4	–	–	(4)
Parking areas	–	–	–	–
Footpaths	112	–	–	(112)
Aerodromes	251	48	–	(203)
Other transport and communication	6,183	7,738	–	1,555
<b>Total transport and communication</b>	<b>10,621</b>	<b>11,230</b>	<b>826</b>	<b>1,435</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	8,150	7,280	–	(870)
<b>Total economic affairs</b>	<b>8,150</b>	<b>7,280</b>	<b>–</b>	<b>(870)</b>
<b>Totals – functions</b>	<b>28,579</b>	<b>23,647</b>	<b>1,219</b>	<b>(3,713)</b>
<b>General purpose revenues</b> <sup>(1)</sup>		<b>7,552</b>		<b>7,552</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>NET OPERATING RESULT</b> <sup>(2)</sup>	<b>28,579</b>	<b>31,199</b>	<b>1,219</b>	<b>3,839</b>

(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

## Bourke Shire Council

## Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	1,817	1,779
Plus or minus adjustments <sup>(2)</sup>	b	2	5
<b>Notional general income</b>	$c = (a + b)$	<b>1,819</b>	<b>1,784</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	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	$h = d \times (c - g)$	–	–
Or plus rate peg amount	$i = c \times e$	42	27
Or plus Crown land adjustment and rate peg amount	$j = c \times f$	–	–
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>1,861</b>	<b>1,811</b>
Plus (or minus) last year's carry forward total	l	5	10
Less valuation objections claimed in the previous year	m	(2)	–
<b>Sub-total</b>	$n = (l + m)$	<b>3</b>	<b>10</b>
<b>Total permissible income</b>	$o = k + n$	<b>1,864</b>	<b>1,820</b>
Less notional general income yield	p	1,864	1,817
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>0</b>	<b>3</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	1	2
Less unused catch-up <sup>(5)</sup>	s	(4)	–
<b>Carry forward to next year</b>	$t = q + r - s$	<b>(3)</b>	<b>5</b>

**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

#### Bourke Shire Council

To the Councillors of Bourke Shire Council

### Opinion

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

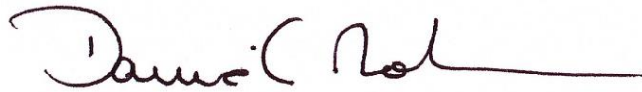
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

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

David Nolan  
Director, Financial Audit Services

12 November 2018  
SYDNEY

## Bourke 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
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	166	96
b. Engineering and supervision	123	136
<b>2. Operation and maintenance expenses</b>		
– <b>dams and weirs</b>		
a. Operation expenses	–	13
b. Maintenance expenses	–	–
– <b>Mains</b>		
c. Operation expenses	–	–
d. Maintenance expenses	335	227
– <b>Reservoirs</b>		
e. Operation expenses	–	–
f. Maintenance expenses	3	30
– <b>Pumping stations</b>		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	115	12
i. Maintenance expenses	36	217
– <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	21	–
k. Chemical costs	61	–
l. Maintenance expenses	246	519
– <b>Other</b>		
m. Operation expenses	46	–
n. Maintenance expenses	170	261
o. Purchase of water	–	–
<b>3. Depreciation expenses</b>		
a. System assets	579	350
b. Plant and equipment	47	31
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	30	32
b. Revaluation decrements	–	–
c. Other expenses	194	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	25	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>2,197</b>	<b>1,924</b>

## Bourke 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>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	361	1,046
b. Usage charges	515	701
<b>7. Non-residential charges</b>		
a. Access (including rates)	707	–
b. Usage charges	–	–
<b>8. Extra charges</b>	27	–
<b>9. Interest income</b>	101	105
<b>10. Other income</b>	2	175
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	88	228
<b>11. Grants</b>		
a. Grants for acquisition of assets	357	634
b. Grants for pensioner rebates	7	7
c. Other grants	–	–
<b>12. Contributions</b>		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	16	–
<b>13. Total income</b>	<b>2,181</b>	<b>2,896</b>
<b>14. Gain (or loss) on disposal of assets</b>	(50)	–
<b>15. Operating result</b>	<b>(66)</b>	<b>972</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	(423)	338



## Bourke 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>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	–	–
d. Plant and equipment	–	–
<b>17. Repayment of debt</b>	–	–
<b>18. Totals</b>	<u>–</u>	<u>–</u>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	–
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<u>–</u>	<u>–</u>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	1,034	1,032
b. Residential (unoccupied, ie. vacant lot)	125	123
c. Non-residential (occupied)	143	143
d. Non-residential (unoccupied, ie. vacant lot)	116	116
<b>23. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ 12,119	\$ 12,141

## Bourke 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
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	3,641	–	3,641
<b>26. Receivables</b>			
a. Specific purpose grants	258	–	258
b. Rates and availability charges	114	12	126
c. User charges	213	77	290
d. Other	–	–	–
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	18,591	18,591
b. Plant and equipment	–	141	141
<b>29. Other assets</b>	1	–	1
<b>30. Total assets</b>	<u>4,227</u>	<u>18,821</u>	<u>23,048</u>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	110	–	110
<b>33. Borrowings</b>	34	383	417
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	154	5	159
<b>35. Total liabilities</b>	<u>298</u>	<u>388</u>	<u>686</u>
<b>36. NET ASSETS COMMITTED</b>	<u>3,929</u>	<u>18,433</u>	<u>22,362</u>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			9,269
<b>38. Asset revaluation reserve</b>			13,093
<b>39. Other reserves</b>			–
<b>40. TOTAL EQUITY</b>			<u>22,362</u>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			35,213
<b>42. Accumulated current cost</b> depreciation of system assets			(16,622)
<b>43. Written down current cost</b> of system assets			<u>18,591</u>

## Bourke 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
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	156	40
b. Engineering and supervision	94	67
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	–	21
b. Maintenance expenses	136	141
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	48
d. Energy costs	26	58
e. Maintenance expenses	149	141
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	2	98
g. Chemical costs	–	–
h. Energy costs	2	–
i. Effluent management	–	3
j. Biosolids management	–	–
k. Maintenance expenses	22	–
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	73	–
<b>3. Depreciation expenses</b>		
a. System assets	285	223
b. Plant and equipment	16	–
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	5	8
b. Revaluation decrements	–	–
c. Other expenses	118	12
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	11	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>1,095</b>	<b>860</b>

## Bourke 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>Income</b>		
<b>6. Residential charges</b> (including rates)	691	731
<b>7. Non-residential charges</b>		
a. Access (including rates)	89	92
b. Usage charges	–	–
<b>8. Trade waste charges</b>		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	12	–
<b>10. Interest income</b>	36	30
<b>11. Other income</b>	1	–
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	88	50
<b>12. Grants</b>		
a. Grants for acquisition of assets	36	17
b. Grants for pensioner rebates	5	6
c. Other grants	–	–
<b>13. Contributions</b>		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>14. Total income</b>	<u>958</u>	<u>926</u>
<b>15. Gain (or loss) on disposal of assets</b>	–	8
<b>16. Operating result</b>	<u>(137)</u>	<u>74</u>
<b>16a. Operating result (less grants for acquisition of assets)</b>	(173)	57

## Bourke 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>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	–	–
d. Plant and equipment	–	–
<b>18. Repayment of debt</b>	–	–
<b>19. Totals</b>	<u>–</u>	<u>–</u>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	–	–
<b>21. Borrowing utilised</b>	–	–
<b>22. Totals</b>	<u>–</u>	<u>–</u>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	1,084	1,082
b. Residential (unoccupied, ie. vacant lot)	–	–
c. Non-residential (occupied)	129	128
d. Non-residential (unoccupied, ie. vacant lot)	–	–
<b>24. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ 10,194	\$ 10,150

## Bourke 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
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	1,531	–	1,531
<b>27. Receivables</b>			
a. Specific purpose grants	14	–	14
b. Rates and availability charges	152	18	170
c. User charges	–	–	–
d. Other	–	–	–
<b>28. Inventories</b>	–	–	–
<b>29. Property, plant and equipment</b>			
a. System assets	–	10,121	10,121
b. Plant and equipment	–	29	29
<b>30. Other assets</b>	–	–	–
<b>31. Total assets</b>	<u>1,697</u>	<u>10,168</u>	<u>11,865</u>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	–	–	–
<b>33. Creditors</b>	115	–	115
<b>34. Borrowings</b>	4	75	79
<b>35. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	103	3	106
<b>36. Total liabilities</b>	<u>222</u>	<u>78</u>	<u>300</u>
<b>37. NET ASSETS COMMITTED</b>	<u>1,475</u>	<u>10,090</u>	<u>11,565</u>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			4,664
<b>39. Asset revaluation reserve</b>			6,901
<b>40. Other reserves</b>			–
<b>41. TOTAL EQUITY</b>			<u>11,565</u>
<b>Note to system assets:</b>			
<b>42. Current replacement cost</b> of system assets			20,436
<b>43. Accumulated current cost</b> depreciation of system assets			(10,315)
<b>44. Written down current cost</b> of system assets			<u>10,121</u>

## Bourke Shire Council

### Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

#### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

(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** <sup>(2)</sup> (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** <sup>(2)</sup> (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:

<sup>(1)</sup> 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).

<sup>(2)</sup> 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.

## Bourke 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 <sup>a</sup>	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 – non-specialised	–	–	54	32	2,384	3,341	6%	89%	5%	0%	0%
	Buildings – specialised	770	–	129	263	14,025	24,929	40%	46%	3%	11%	0%
	<b>Sub-total</b>	<b>770</b>	<b>–</b>	<b>183</b>	<b>295</b>	<b>16,409</b>	<b>28,270</b>	<b>36.0%</b>	<b>51.1%</b>	<b>3.2%</b>	<b>9.7%</b>	<b>0.0%</b>
Other structures	Other	–	–	91	94	3,181	5,619	17%	27%	52%	4%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>91</b>	<b>94</b>	<b>3,181</b>	<b>5,619</b>	<b>17.0%</b>	<b>27.0%</b>	<b>52.0%</b>	<b>4.0%</b>	<b>0.0%</b>
Roads	Sealed roads	–	–	557	693	27,503	38,500	40%	28%	32%	0%	0%
	Unsealed roads	–	–	2,794	1,901	98,813	100,827	6%	14%	80%	0%	0%
	Bridges	–	–	–	5	16,522	24,783	100%	0%	0%	0%	0%
	Footpaths	343	343	42	41	1,910	5,126	9%	33%	58%	0%	0%
	Other Road Assets	–	–	–	–	2,997	7,041	70%	15%	15%	0%	0%
	Other Kerb & Guttering	2,700	2,700	28	5	2,916	11,622	1%	4%	86%	9%	0%
	<b>Sub-total</b>	<b>3,043</b>	<b>3,043</b>	<b>3,421</b>	<b>2,645</b>	<b>150,661</b>	<b>187,899</b>	<b>27.5%</b>	<b>15.0%</b>	<b>56.9%</b>	<b>0.6%</b>	<b>0.0%</b>
Water supply network	Water Supply Network	600	600	146	622	18,150	34,375	14%	26%	47%	13%	0%
	<b>Sub-total</b>	<b>600</b>	<b>600</b>	<b>146</b>	<b>622</b>	<b>18,150</b>	<b>34,375</b>	<b>14.0%</b>	<b>26.0%</b>	<b>47.0%</b>	<b>13.0%</b>	<b>0.0%</b>
Sewerage network	Sewerage Network	–	–	500	337	10,013	20,328	7%	28%	65%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>500</b>	<b>337</b>	<b>10,013</b>	<b>20,328</b>	<b>7.0%</b>	<b>28.0%</b>	<b>65.0%</b>	<b>0.0%</b>	<b>0.0%</b>



## Bourke 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 <sup>a</sup>	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
<b>Stormwater drainage</b>	Stormwater Drainage	–	–	50	30	4,946	8,752	18%	19%	63%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>50</b>	<b>30</b>	<b>4,946</b>	<b>8,752</b>	<b>18.0%</b>	<b>19.0%</b>	<b>63.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open space/recreational assets</b>	Other Swimming Pool	1,500	–	4	4	1,602	3,035	28%	3%	8%	61%	0%
	Other Open Spaces	10	10	168	127	3,271	7,635	11%	79%	9%	1%	0%
	<b>Sub-total</b>	<b>1,510</b>	<b>10</b>	<b>172</b>	<b>131</b>	<b>4,873</b>	<b>10,670</b>	<b>15.8%</b>	<b>57.4%</b>	<b>8.7%</b>	<b>18.1%</b>	<b>0.0%</b>
<b>Other infrastructure assets</b>	Other Aerodromes	–	–	146	105	4,520	6,262	77%	17%	3%	3%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>146</b>	<b>105</b>	<b>4,520</b>	<b>6,262</b>	<b>77.0%</b>	<b>17.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>0.0%</b>
<b>Other infrastructure assets</b>	Other Levee Banks	–	–	37	17	7,279	11,821	98%	0%	0%	2%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>37</b>	<b>17</b>	<b>7,279</b>	<b>11,821</b>	<b>98.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.0%</b>	<b>0.0%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>5,923</b>	<b>3,653</b>	<b>4,746</b>	<b>4,276</b>	<b>220,032</b>	<b>313,996</b>	<b>28.3%</b>	<b>21.5%</b>	<b>46.8%</b>	<b>3.5%</b>	<b>0.0%</b>

## Notes:

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

## Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required

4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Bourke 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	
<b>Infrastructure asset performance indicators * consolidated</b>					
<b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>					
Asset renewals <sup>(2)</sup>	<u>2,517</u>	<b>67.61%</b>	114.33%	113.67%	>= 100%
Depreciation, amortisation and impairment	<u>3,723</u>				
<b>2. Infrastructure backlog ratio <sup>(1)</sup></b>					
Estimated cost to bring assets to a satisfactory standard	<u>5,923</u>	<b>2.67%</b>	3.19%	2.17%	< 2.00%
Net carrying amount of infrastructure assets	<u>222,031</u>				
<b>3. Asset maintenance ratio</b>					
Actual asset maintenance	<u>4,276</u>	<b>90.10%</b>	99.95%	108.48%	> 100%
Required asset maintenance	<u>4,746</u>				
<b>4. Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<u>3,653</u>	<b>1.16%</b>	1.58%		
Gross replacement cost	<u>314,971</u>				

## Notes

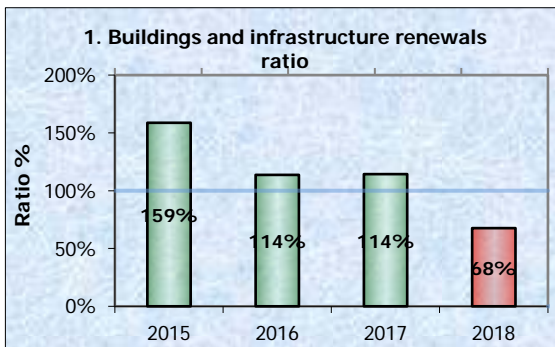
\* All asset performance indicators are calculated using the asset classes identified in the previous table.

(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.

# Bourke Shire Council

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



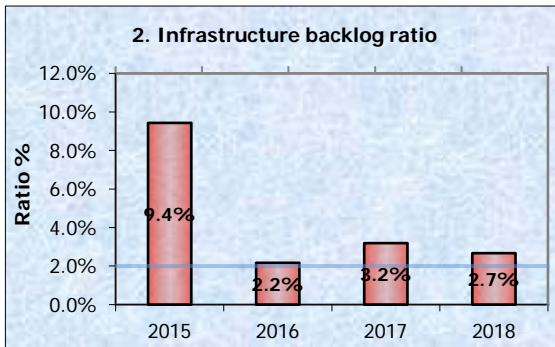
### Purpose of asset renewals ratio

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

**2017/18 Ratio 67.61%**

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

■ Ratio achieves benchmark  
■ Ratio is outside benchmark



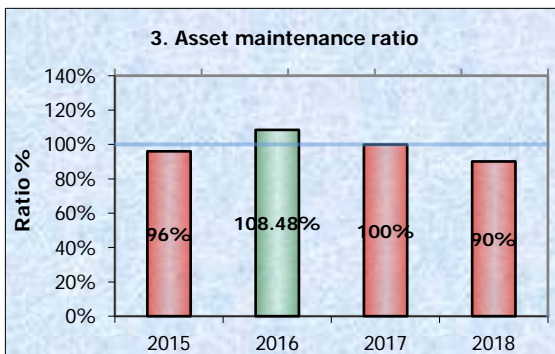
### Purpose of infrastructure backlog ratio

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

**2017/18 Ratio 2.67%**

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

■ Ratio achieves benchmark  
■ Ratio is outside benchmark



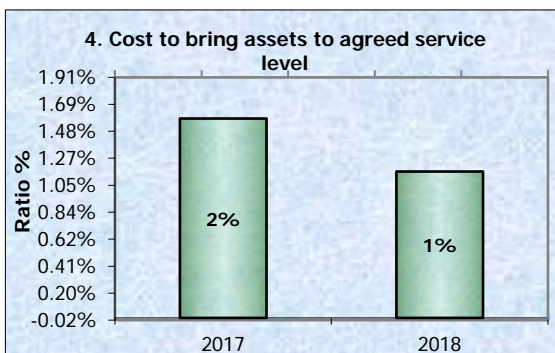
### Purpose of asset maintenance ratio

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

**2017/18 Ratio 90.10%**

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.

**2017/18 Ratio 1.16%**

## Bourke Shire Council

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

	General indicators <sup>(1)</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Infrastructure asset performance indicators by fund</b>							
<b>1. Buildings and infrastructure renewals ratio <sup>(2)</sup></b>							
Asset renewals <sup>(3)</sup>	<b>173.32%</b>	136.68%	<b>5.55%</b>	0.00%	<b>0.00%</b>	4.69%	>= 100%
Depreciation, amortisation and impairment							
<b>2. Infrastructure backlog ratio <sup>(2)</sup></b>							
Estimated cost to bring assets to a satisfactory standard	<b>2.75%</b>	3.01%	<b>3.31%</b>	7.49%	<b>0.00%</b>	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
<b>3. Asset maintenance ratio</b>							
Actual asset maintenance	<b>80.90%</b>	100.84%	<b>426.03%</b>	96.71%	<b>67.40%</b>	89.92%	> 100%
Required asset maintenance							
<b>4. Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>1.18%</b>	1.43%	<b>1.75%</b>	3.83%	<b>0.00%</b>	0.00%	
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.