

Bogan
SHIRE

Annual
Report
2016/2017



Comfortable Country Living

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About Bogan Shire

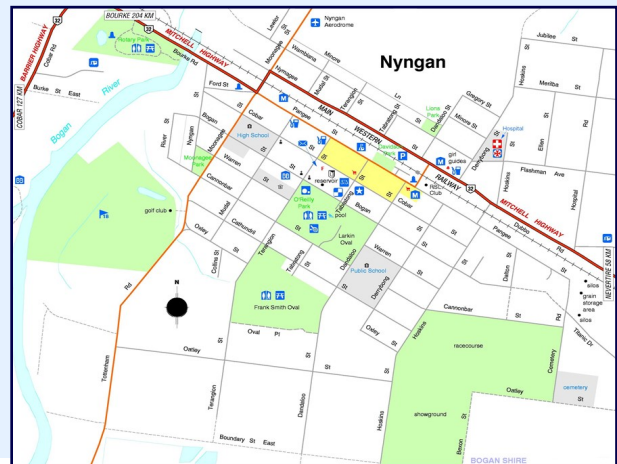
Bogan Shire, situated in Western New South Wales, has an area of 14,610 square kilometres, equivalent to about 1.8% of the State's land surface. The geographical centre of the State lies within the Shire boundaries. The Shire has an estimated population of 3012. Nyngan, the Shire's administrative centre, is located on the Bogan River at the junction of the Mitchell and Barrier Highways - an ideal rest point for the weary traveller.

There is an abundance of productive agricultural land for sheep and cattle production and large scale cropping enterprises. Nyngan's farmers are highly competitive on local and international markets and the large quantity of agricultural produce is conducive to the development of value adding industries and marketing ventures.

Nyngan offers warm hospitality and all the facilities of a modern rural township. Three Motels, two Caravan Parks, one hotel and access to 24-hours of free camping provides a choice of accommodation options. Three licensed Clubs and two hotels cater for entertainment and relaxation. The town also boasts a selection of cafes, restaurants and take-away food outlets for dining.

The Bogan Shire has a secondary school, five primary schools, a pre-school, a daycare centre, a mobile pre-school and a TAFE Campus. Nyngan's medical needs are catered for by the new Bogan Shire Medical Centre, the Nyngan Health Service (Multi-purpose Health Centre which incorporates a hospital and nursing home complex) and a network of other health professionals including two private doctors and a dentist.

The recreational and sporting facilities in Nyngan are excellent and include facilities for bowls, golf, tennis, dancing, swimming, rugby league, rugby union, touch football, cricket, netball, fishing, boating, canoeing, water-skiing, soccer, little athletics and equestrian pursuits. Whether you are looking for an outback experience or a place to escape the hectic pace of the city life, we hope that a visit to the Bogan Shire will show you what real *"Comfortable Country Living"* is all about.



General Manager's Message

The 2016/17 Financial year was another momentous one for Bogan Shire Council.

The \$1.2 Million Bogan Shire Early Learning Centre had its first full year of operations and continues to provide a much-needed service to our community with an average usage capacity of 65% in June 2017.

In May 2017 the Bogan Shire Medical Centre was completed on time and on budget and saw its first patient. Feedback from residents concerning several factors relating to the health care of our community prompted Bogan Shire Council to seek a solution that would provide reliable and high quality primary health care services in the Bogan Shire both now and into the future. Accordingly, Council submitted a grant application to the National Stronger Regions Fund for the construction of a new Medical Centre in the amount of \$611,432 in 2016. This funding was approved and, following a successful construction project, managed by Council and with \$700,000 of Council's own money added to the Commonwealth funding the centre was completed.

Council has employed staff at the Medical Centre including nurses, reception staff and a cleaner and will operate it according to best practice to achieve practice accreditation.

The sound financial result demonstrated by the accompanying annual financial statements shows that Bogan Shire Council remains "Fit for the Future" in terms of the NSW Government's local government reform agenda. This vindicates Council's strong desire throughout the process to retain our autonomy, maintain our independence and whatever challenges lie ahead with strong community support, confident that we can continue to "stand alone" into the future representing our ratepayers with honesty, integrity and sound financial management.

Council continues to invest considerable resources into a wide range of routine but vital work including rural road maintenance and construction. During the year \$647,850 was invested in gravel re-sheeting of 30 kilometres of roads and \$1,223,605 on rural road maintenance over a distance of 1,080 kilometres. \$750,143 was spent on maintenance of sealed roads.

Council also continues to actively support, promote and provide assistance with a diverse range of community activities and events including our Christmas lights and rural letterbox competition, carp muster fishing competition, senior's week concert and morning tea as well as the annual Nyngan Show, Ag Expo, Duck Creek Races and NAIDOC Week events.

General Manager's Message

My thanks to all community members, councillors and staff for their contributions to Bogan Shire during the year.

A handwritten signature in black ink that reads "Derek Francis". The signature is written in a cursive, flowing style.

Derek Francis
General Manager

Mission Statement

"Comfortable
Country
Living"

To provide a comfortable country lifestyle by progressively improving the level of appropriate facilities and services and encouraging growth and economic development that is responsive to the needs of the community

Definition - Comfortable

Safe and secure (both physically and financially protected), affordable, enjoyable, and relaxed community environment.

Mission Statement

DESIRED OUTCOMES

Safe and Secure

- Economic viability for the shire as a whole – sustained business activity and continuing economic development
- Effective regulation and law enforcement
- Safe and trafficable road networks
- Full range of health services readily available
- Sanitation standards maintained
- Water quality assured
- Effective sewerage systems in place
- Flood Protection provided
- Protection and promotion of natural and man-made environments

Enjoyable

- Quality sporting and recreation facilities provided
- Cultural and social fabric of the community encouraged and supported
- Library service catering for the broader community
- The latest communication mediums are easily accessible
- High standard of service maintained through successful management of assets

Affordable

- Lower cost of living relative to regional and capital centres of population
- Competitive and diverse commercial enterprises
- Equitable distribution of rates, fees and charges
- Efficient and effective delivery of services

Relaxed

- The more laid-back qualities associated with “country” living are not lost
- Community and social fabric promoted and supported

Statement of Business Ethics

Bogan Shire Council is committed to the highest standards of honesty, fairness and integrity in all its business dealings.

Council operates according to an adopted Code of Conduct that sets out the standards of behaviour that Councillors and staff are expected to abide by when dealing with customers, suppliers, members of the community and public and when interacting with work colleagues.

With increasing business interaction between Council and the private sector it is important that standards of ethical behaviour expected of councillors and staff are maintained by members of the private sector in their dealings with Council.

Compliance with the standards contained within the document will ensure the best level of service can be provided to the community.

Values

The way Bogan Shire Council makes decisions, takes action and conducts business is defined by the following values.

- **Taking pride** in Nyngan and the greater Bogan Shire.
- **Working together** as a team to get things done.
- Being **accountable** for our decisions and actions.
- Having **respect** for other people.
- Acting with **integrity and honesty**.
- Demonstrating **strong leadership**.
- Providing responsive **customer service**.

Business Principles

The core principles underpinning all the business dealings of Bogan Shire Council are:

Obtaining the Best Value for Money

This does not mean that the best value for money equates to the lowest price. Council will use a number of factors to determine best value for money. Included are cost, quality, reliability, whole life running cost and timelines.

Statement of Business Ethics

Impartiality and Fairness

Council will be objective, even handed and reasonable through business dealings. Council's business dealings will be transparent and open to public scrutiny whenever possible, subject to confidentiality and privacy obligations.

Compliance with Legal and Statutory Obligations

Council at all times will adhere to all legal and statutory obligations.

What you can expect from Council and Staff

In order to maintain the highest standards of integrity and ethical conduct, Councillors and staff are required to comply with a Code of Conduct which includes:

1. Be accountable for actions
2. Act with fairness and equity
3. Exercise authority appropriately and transparently
4. Be responsible for their safety and that of others
5. Ensure awareness and compliance with Code of Conduct
6. Avoid actual and perceived conflicts of interest
7. Maintain confidentiality and privacy of information
8. Not engage in external employment that may create a conflict, affect work performance, use resources or information of Council, or bring discredit to Council
9. Report corruption, maladministration and wastage

Statement of Business Ethics

What Bogan Shire Council expects from its providers

Council expects private sector providers of goods and services will observe the following principles when dealing with Council;

1. Act ethically, fairly and honestly in dealing with Council
2. Be economically, socially and environmentally responsible in the provision of goods and services
3. Respect the conditions set out in Council documents
4. Comply with Councils procurement and purchasing policy and procedures
5. Respect the obligation of Councillors and staff to comply with the Council Code of Conduct
6. Do not lobby Councillors or Staff
7. Provide accurate and reliable information and advice when requested
8. Declare actual or perceived conflicts when aware such exists
9. Do not divulge privileged or confidential information to unauthorised persons
10. Do not engage in cohesive practises
11. Do not offer Councillors or staff inducements or incentives designed to improperly influence the conduct of their duties

Compliance

Council requires all providers to comply with the "Statement of Business Ethics". The principles are consistent with those of other public sector agencies, and are based on guidelines from the NSW Independent Commission against Corruption.

Non compliance could result in:

1. Termination of contracts
2. Loss of future opportunity
3. Investigation for corruption
4. Criminal Prosecution

Council Contact Information



Visit us:

Council Chambers are located at 81 Cobar Street, Nyngan NSW 2825

Office Hours: Monday to Friday from 8.00am – 4.30pm

Contact us:

Telephone: (02) 6835 9000

Fax: (02) 6835 9011

Email: admin@bogan.nsw.gov.au

Webpage: www.bogan.nsw.gov.au

Write to us:

If you wish to write to Council on any matter, the letter should be addressed to:

*The General Manager
Bogan Shire Council
PO Box 221
NYNGAN NSW 2825*

Council Contact Information

Meet with Staff:

Council staff are available during office hours to answer enquiries. It is good practice, although not essential, to make a prior appointment to see staff. This will ensure the staff member you require is available at the time.

Attend Council meetings:

There are 11 Ordinary Council meetings each year, one per month except for January. Council meetings are held on the fourth Thursday of each month, except the December meeting which is held on the third Thursday of the month. All meetings start at 9.30am. Meetings are held at the Council Chambers on Cobar Street, Nyngan. Council meetings are attended by all Councillors and Management Staff of the Council.

All meetings of Council are open for the public to attend, with the exception of closed meeting items. You may address Council in the Public Forum regarding a matter for consideration by Council in the meeting Business Paper. Notification to address the Council must be given 7 days before the day of the meeting. A Special Council Meeting may be called in between Ordinary Council Meetings if a matter of urgency arises that cannot wait until the next ordinary meeting. At least 24 hours notice must be given to call a Special Meeting. Bogan Shire Council comprises of nine Councillors, with the general election held every four years, usually in September. The most recent election was September 2016.

After Hours Service / Other Council Contacts

Bogan Bush Mobile:	02 6835 9038
Early Learning Centre:	02 6835 9038
Engineering Department:	02 6835 9027
Museum:	02 6832 1052
Public Library:	02 6835 9080
Ranger:	0428 607 407
Rural Fire Service:	02 6822 4422
Swimming Pool:	02 6835 9100
Visitor Information Centre:	02 6832 1052
Works Depot:	02 6835 9060

Statutory Information

Local Government (General) Regulation 2005 Part 5

s428(4)(b) cl 132 Amount of rates and charges written off during the year

The following amounts of Rates and Charges were written off during the period 01.07.2016 to 30.06.2017

General Rates	<i>Pensioners</i>	\$16,891
	<i>Postponed</i>	\$2,900
	<i>Other (Ratepayers)</i>	\$95
Water Charges	<i>Pensioners</i>	\$16,625
	<i>Other (Ratepayers)</i>	\$1,826
Sewerage Charges	<i>Pensioners</i>	\$14,700
	<i>Other (Ratepayers)</i>	\$1,138
Waste Charges	<i>Pensioners</i>	\$32,095
Interest Charges/Legal/ Other Charges	<i>Postponed</i>	\$1,024
	<i>Other (Rate Payers)</i>	\$950
Total Rates and Charges Written Off		\$88,244

It should be noted that Council receives a subsidy payment from the Department of Local Government for 55% of the Pensioner write-offs for the year. In 2016/17 this subsidy amounted to \$45,901.

s428(4)(b) cl 217(1)(a) Details of overseas visits by councillors, council staff or other persons representing council

No overseas visits were taken in 2016/2017 financial year.

s428(4)(b) cl 217(1)(a1) Elected members expenses and provision of facilities

Elected Member Expenses

The Mayoral Allowance for the year was set by Council at \$18,643 with \$3,728 (20%) of this paid to the Deputy Mayor as remuneration for services carried out on behalf of Council in the Mayor's absence. Councillors' annual remuneration was set at \$8,540 and was paid in twelve (12) monthly payments.

Councillors' travelling expenses, when using their own vehicle to attend Council functions and meetings, are reimbursed at the rates prescribed under the Car Allowance provisions of the Notional Agreement Preserving the Local Government State Award, with reimbursement of actual costs of incidentals subject to production of adequate documentation to substantiate claims.

The Mayor is provided with a motor vehicle and an office. Lunch and morning tea is provided for Councillors on meeting days.

Statutory Information

The following costs have been incurred by Council during the 2016/2017 financial year relating to the provision of councillor facilities and the payment of councillor expenses.

Councillors Fees	\$75,437
Mayoral Fee	\$18,643
Attendance at Conferences	\$209
Training	\$4,691
Insurance - Councillors	\$18,000
Travel Costs	\$331
Office Equipment	\$380
Meals & Entertainment	\$2,970
Office Expenses	\$1,732
Vehicle Costs	\$27,685
Total Elected Members Cost	\$150,078

s428(4)(b) cl 217(1)(a2) Major contracts awarded

During the 2016/2017 financial year there were 2 large contracts awarded which were for the design and construction of switchboard and Scada for the Water Treatment Plant to PTAS Automation Pty Ltd for \$677,950. and the other was for the construction of the 700ML Water Storage to Trazibat Pty Ltd for \$8,266,826.01. The 700ML Storage Facility is fully funded by the State Government.

s428(4)(b) cl 217(1)(a3) Amounts incurred by Council in relation to legal proceedings

The following amounts of legal charges were incurred by Council for the following reasons:

→ Legal proceedings - debt recovery against ratepayers	\$7,454*
→ Other legal proceedings - Court Costs and excess paid	\$0

* It should be noted that the majority of these charges are recoverable as a legal charge levied to the ratepayers concerned.

s428(4)(b) cl 217(1)(a4) Summary of resolutions made under Section 67 concerning work carried out on private land

Council did not subsidise any private works undertaken during the year.

s428(4)(b) cl 217(1)(a5) Total amount contributed or otherwise granted under Section 356

The total amount contributed or otherwise granted under Section 356 for the 2016/2017 financial year was \$123,952. The details of this amount are as follows:

Statutory Information

Donation of Funding /Services to Sporting & Non-Profit bodies	\$91,346
Donations to Non-Profit Organisations	\$30,706
Student Scholarships	\$1,900
TOTAL	\$123,952

s428(4)(b) cl 217(1)(a6) External bodies exercising Council functions

The external bodies that were delegated functions by Council during the year are as follows:

Committee	Function
Nyngan Museum Management Committee	Care and control of grounds and the organisation of activities
Hermidale Sports Ground	Care and control of grounds and the organisation of activities
Colleerreina Hall	Care and control of grounds and the organisation of activities

s428(4)(b) cl 217(1)(a7) Controlling interest in companies

Council held no controlling interest in any company during the 2016/2017 period.

s428(4)(b) cl 217(1)(a8) Corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which Council participated

Bogan Shire is incorporated within the North Western Library Association with the shires of Coonamble, Gilgandra and Warren. Council's financial interest in this association is reported in Note 19 to the General Purpose Financial Reports.

Council is also a member of the Orana Regional Organisation of Councils (OROC) group, fostering development, industry and tourism within the region.

s428(4)(b) cl 217(1)(a9) Activities to implement EEO Management Plan

The Anti-Discrimination and Equal Employment Opportunity Policy was adopted by Council in April 2014. Two revisions have been completed since then in April 2015 and November 2017.

Council's EEO Management Plan consists of 18 Strategies and 29 Activities, of which 96.5% have been undertaken in the current year.

s428(4)(b) cl 217(1)(b) Statement of Total Remuneration Package of General Manager Employment of General Manager

During the year Council employed the General Manager under contract. Total remuneration, including salaries, superannuation, motor vehicle and rental assistance is shown in the table below.

Total Salary	\$200,221
Superannuation	\$19,358
Total value non-cash benefits	\$13,000
FBT	\$4,320
Total	\$236,900

s428(2)(f) cl 217(1)(f) Activities relating to enforcing and ensuring compliance with the Companion Animals Act and Regulation

Lodgement of pound data collection returns with the Division.

2016/2017 Seizure Activity

During the year Council seized 2 companion animals and 34 companion animals were voluntarily surrendered of which 29 were released to organisations for rehoming, 2 were euthanized at the owner's request and the remainder were euthanized at Council's determination.

Lodgement of pound data was sent to the Department of Local Government.

Lodgement of data relating to dog attacks with the Division

Council had 1 report of dog attacks which was attended to, with the owners cautioned and notices issued.

Amount of funding spent on companion animal management and activities.

Council expended a net \$114,602 on activities relating to the management and control of companion animals during the 2016/2017 financial year. A further detailed breakup of the income and expenditure for the management and control of companion animals in the Bogan Shire is listed below:

Statutory Information

Income	\$
Registration Fees	1,863
Other Fees (Microchipping, impounding)	3,512
Total Income	5,375
Expenditure	
Impounding & Controlling Expenses	108,579
Administration	756
Consultants/Training	10,642
Other Expenses	0
Total Expenses	119,977
TOTAL COST OF COMPANION ANIMAL OPERATIONS	\$114,602

Companion animal community education programs carried out.

Council undertook a limited education program via the use of local media resources such as the council column in the local paper to distribute information to the general public; information was also made available at both Council offices and the Public Library. Council has also recently reviewed the Keeping of Animals—Orders Policy and sought community feedback on this to encourage education and community involvement.

Strategies Council has in place to promote and assist the de-sexing of dogs and cats.

The Companion Animals Regulation 2008 has significantly reduced the cost of lifelong registration for both de-sexed dogs and cats, to encourage residents to have their companion animals de-sexed. This fee is reduced even further for pensioners to help make the de-sexing of animals affordable and attractive option for all sectors in the community. During day to day duties, it is Council's strategy to have our Ranger actively educate residents on the benefits of de-sexing dogs and cats.

Strategies in place to comply with the requirement under section 64 (Companion Animals Act) to seek alternatives to euthanasia for unclaimed animals

Before destroying a seized or surrendered animal it is the duty of the Council to consider whether there is an alternative action to that of destroying the animal and (if applicable) to adopt any such alternative.

Off leash areas provided in the council area

Council provides one 'Off Leash' area which is located on the corner of Canonbar & Terangion Streets, Nyngan Lot 1040 DP 1020916.

s125(1) cl 7 Schedule 2 information included on GIPA activity

Council received no applications in the last reporting period under the Government Information (Public Access) Act 2009.

Council's program for the proactive release of information involves assessment on a case by case basis. Council has very little information that is discretionally unavailable.

Number of access applications received

During the reporting period, Council received no formal access applications.

Number of refused applications

During the reporting period, Council refused no formal access application.

Statistical information about access applications

Table A: Number of applications by type of applicant and outcome*								
	Access Granted in Full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Statutory Information

Table B: Number of applications by type of application and outcome

	Access Granted in Full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Personal information	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual). The total number of decisions in Table B should be the same as Table A.

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications 1	0

Table D: Timeliness

Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0

Table E: Applications for review under Part 5 of the Act (by type of applicant)

Applications by access applicants	0
Applications by persons to whom information the subject of access application relates	0

s93G(5) Compliance with and effect of planning agreements in force

Council has not entered into any planning agreements during the 2016/17 financial year.

s31 cl 4 Public Interest Disclosures and Public Interest Disclosure Policy

Council has an adopted Public Interest Disclosures and Internal Reporting Policy. No public interest disclosures were made during the year.

s8(2) Carers Recognition Act 2010

Council adopted a Carer's Leave Policy in March 2013 with a revised version adopted in April 2015. Future review scheduled for November 2017.

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Annexure One Financial Statements



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Bogan Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017



Comfortable Country Living

Bogan Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Bogan Shire Council.
- (ii) Bogan Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

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).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 25 October 2016. Council has the power to amend and reissue these financial statements.
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Bogan Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

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.

Bogan Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 September 2017.



R L Donald OAM
Mayor



G R J Neill
Councillor



D A Francis
General manager



S A Waterhouse
Responsible accounting officer

Bogan Shire Council

Income Statement

for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
4,612	Rates and annual charges	3a	4,610	4,522
2,904	User charges and fees	3b	4,356	5,185
252	Interest and investment revenue	3c	321	236
662	Other revenues	3d	513	1,041
7,397	Grants and contributions provided for operating purposes	3e,f	10,228	6,813
1,074	Grants and contributions provided for capital purposes	3e,f	1,184	675
Other income:				
–	Net gains from the disposal of assets	5	–	–
–	Net share of interests in joint ventures and associates using the equity method	19	4	–
16,901	Total income from continuing operations		21,216	18,472
Expenses from continuing operations				
5,457	Employee benefits and on-costs	4a	6,712	5,723
–	Borrowing costs	4b	74	–
3,247	Materials and contracts	4c	5,194	5,461
3,499	Depreciation and amortisation	4d	3,754	3,311
–	Impairment	4d	–	–
1,511	Other expenses	4e	1,494	1,945
–	Net losses from the disposal of assets	5	7	223
–	Net share of interests in joint ventures and associates using the equity method	19	–	4
13,714	Total expenses from continuing operations		17,235	16,667
3,187	Operating result from continuing operations		3,981	1,805
Discontinued operations				
–	Net profit/(loss) from discontinued operations	24	–	–
3,187	Net operating result for the year		3,981	1,805
3,187	Net operating result attributable to Council		3,981	1,805
–	Net operating result attributable to non-controlling interests		–	–
2,113	Net operating result for the year before grants and contributions provided for capital purposes		2,797	1,130

¹ Original budget as approved by Council – refer Note 16

Bogan Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		3,981	1,805
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	13,795	208
Total items which will not be reclassified subsequently to the operating result		13,795	208
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		13,795	208
Total comprehensive income for the year		17,776	2,013
Total comprehensive income attributable to Council		17,776	2,013
Total comprehensive income attributable to non-controlling interests		–	–

Bogan Shire Council

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	3,468	2,604
Investments	6b	7,800	5,808
Receivables	7	2,673	1,264
Inventories	8	263	240
Other	8	39	51
Total current assets		14,243	9,967
Non-current assets			
Investments	6b	–	–
Receivables	7	395	147
Inventories	8	–	–
Infrastructure, property, plant and equipment	9	208,841	192,292
Investments accounted for using the equity method	19	53	49
Investment property	14	–	–
Total non-current assets		209,289	192,488
TOTAL ASSETS		223,532	202,455
LIABILITIES			
Current liabilities			
Payables	10	1,043	594
Income received in advance	10	–	5
Borrowings	10	186	1
Provisions	10	1,385	1,275
Total current liabilities		2,614	1,875
Non-current liabilities			
Payables	10	–	–
Borrowings	10	2,562	–
Provisions	10	–	–
Total non-current liabilities		2,562	–
TOTAL LIABILITIES		5,176	1,875
Net assets		218,356	200,580
EQUITY			
Retained earnings	20	146,977	142,996
Revaluation reserves	20	71,379	57,584
Council equity interest		218,356	200,580
Total equity		218,356	200,580

Bogan Shire Council

Statement of Changes in Equity
for the year ended 30 June 2017

\$ '000	Notes	2017					2016						
		Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
Opening balance (as per last year's audited accounts)		142,996	57,584	–	200,580	–	200,580	141,191	57,376	–	198,567	–	198,567
a. Correction of prior period errors	20 (c)	–	–	–	–	–	–	–	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–	–	–	–	–	–	–
Revised opening balance		142,996	57,584	–	200,580	–	200,580	141,191	57,376	–	198,567	–	198,567
c. Net operating result for the year		3,981	–	–	3,981	–	3,981	1,805	–	–	1,805	–	1,805
d. Other comprehensive income													
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	13,795	–	13,795	–	13,795	–	208	–	208	–	208
– Revaluations: other reserves	20b (ii)	–	–	–	–	–	–	–	–	–	–	–	–
– Transfers to Income Statement	20b (ii)	–	–	–	–	–	–	–	–	–	–	–	–
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	–	–	–	–	–	–	–	–	–	–	–
– Joint ventures and associates	19b	–	–	–	–	–	–	–	–	–	–	–	–
– Other reserves movements	20b (ii)	–	–	–	–	–	–	–	–	–	–	–	–
Other comprehensive income		–	13,795	–	13,795	–	13,795	–	208	–	208	–	208
Total comprehensive income (c&d)		3,981	13,795	–	17,776	–	17,776	1,805	208	–	2,013	–	2,013
e. Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–
f. Transfers between equity		–	–	–	–	–	–	–	–	–	–	–	–
Equity – balance at end of the reporting period		146,977	71,379	–	218,356	–	218,356	142,996	57,584	–	200,580	–	200,580

Bogan Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
4,835	Rates and annual charges		4,523	4,566
4,094	User charges and fees		3,922	5,271
324	Investment and interest revenue received		248	237
8,501	Grants and contributions		10,574	7,854
–	Bonds, deposits and retention amounts received		1,894	9
1,590	Other		1,347	1,895
Payments:				
(6,791)	Employee benefits and on-costs		(6,521)	(5,777)
(4,359)	Materials and contracts		(5,871)	(6,710)
–	Borrowing costs		(41)	–
(4)	Bonds, deposits and retention amounts refunded		(1,895)	(8)
(1,620)	Other		(1,592)	(1,525)
6,570	Net cash provided (or used in) operating activities	11b	6,588	5,812
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		4,808	3,300
199	Sale of infrastructure, property, plant and equipment		245	539
–	Deferred debtors receipts		12	13
Payments:				
–	Purchase of investment securities		(6,800)	(3,808)
(7,608)	Purchase of infrastructure, property, plant and equipment		(6,736)	(6,581)
(7,409)	Net cash provided (or used in) investing activities		(8,471)	(6,537)
Cash flows from financing activities				
Receipts:				
1,129	Proceeds from borrowings and advances		2,800	–
Payments:				
–	Repayment of borrowings and advances		(53)	(1)
1,129	Net cash flow provided (used in) financing activities		2,747	(1)
290	Net increase/(decrease) in cash and cash equivalents		864	(726)
8,519	Plus: cash and cash equivalents – beginning of year	11a	2,604	3,330
8,809	Cash and cash equivalents – end of the year	11a	3,468	2,604
Additional Information:				
plus:	Investments on hand – end of year	6b	7,800	5,808
Total cash, cash equivalents and investments			11,268	8,412

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

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.

(a) 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.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]. The adoption of this standard has not had any impact for Council.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) 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 property, plant and equipment and investment property.

(iv) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

(i) Estimated fair values of infrastructure, property, plant and equipment,

Significant judgements in applying the Council's accounting policies

(i) Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

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.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Rates, annual charges, grants and contributions

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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.

(ii) User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided or when the penalty has been applied, whichever first occurs.

(iii) Sale of infrastructure, property, plant and equipment

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

(iv) Interest

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

(v) Rent

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

(vi) Dividend income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

(vii) Other income

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

(c) Principles of consolidation

(i) The Consolidated Fund

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

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

- *Bogan Shire Council General Purpose Operations*
- *Bogan Shire Council Water Supply Fund*
- *Bogan Shire Council Sewerage Fund*

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

- *Nyngan Museum Management Committee*
- *Hermidale Sports Ground Management Committee*
- *Collerreina Hall Management Committee*

(ii) The Trust Fund

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

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) County Councils

Council is not a member of any county councils.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

The Council has determined that it has only joint ventures.

Joint ventures/associates

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

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

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

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

(d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease

payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

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.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(f) 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.

(g) Inventories

(i) 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.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. 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.

(ii) Inventory held for distribution

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

(iii) 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.

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(i) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(ii) Loans and receivables

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

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

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

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

(iii) 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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less

than 12 months from the reporting date, that are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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

(i) Assets carried at amortised cost

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. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

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. The amount of the impairment allowance is the

difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. 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.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Buildings – specialised/non-specialised
- Other structures
- Water and sewerage networks
- Swimming pools
- Other open space/recreational assets
- Other infrastructure
- Other assets

Internally valued:

- Operational land
- Community land
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage

As approximated by depreciated historical cost:

- Plant and equipment

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

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.

Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and Equipment

- Office Equipment	3 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	3 to 5 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

Buildings

- Buildings: Masonry	50 to 100 years
- Buildings: Other	20 to 40 years

Water and Sewer Assets

- Dams and reservoirs	15 to 100 years
- Weir	200 years
- Water Canal	Infinite
- Reticulation pipes: PVC	70 to 100 years
- Pumps and telemetry	10 to 30 years
- PAC Dosing System	20 to 60 years
- Water Treatment Plant	15 to 100 years

Stormwater Assets

- Drains	125 years
- Culverts	125 years
- Reticulation pipes	80 to 150 years

Transportation Assets

- Sealed Roads: Surface	25 to 35 years
- Sealed Roads: Structure	100 years
- Unsealed roads	30 years
- Bridge: Concrete	125 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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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.

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location

or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

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

(m) 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.

(n) 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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

(o) 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.

(p) 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.

(q) Employee benefits

(i) 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.

Liabilities for non-vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

(ii) 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.

(iii) 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.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, 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.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the 'Local Government Superannuation Scheme – Pool B'.

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the scheme was performed by Mr Richard Boyfield, FIAA on 2nd December 2016 and covers the period ended 30/6/2016.

However the position is monitored annually and the actuary has estimated that as at 30 June 2017 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The expected contributions for the next annual reporting period are \$96,924.36.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation

expenses at Note 4 (a) for the year ending 30 June 2016 was \$ 121,204.77.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$126,000 or 0.16% as at 30 June 2017.

Council's share of that deficiency cannot be accurately calculated as the scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the scheme require immediate payment to correct the deficiency.

Defined Contribution 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.

(iv) Employee benefit on-costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 30/06/17.

(r) 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.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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

(s) Self-insurance

Council does not self-insure.

(t) Intangible assets

Council has not classified any assets as intangible.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

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

(y) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(z) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(aa) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	Actual
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	2016
Governance	250	514	174	746	912	595	(496)	(398)	(421)	305	18	1,491	156
Administration	15	7	24	698	690	2,742	(683)	(683)	(2,718)	–	5	11,075	5,874
Public order and safety	108	141	291	380	346	351	(272)	(205)	(60)	86	82	355	209
Health	223	693	12	15	134	15	208	559	(3)	611	–	1,854	671
Environment	716	739	727	1,054	1,228	1,107	(338)	(489)	(380)	23	46	783	377
Community services and education	1,087	901	816	1,135	1,170	553	(48)	(269)	263	671	757	1,496	1,423
Housing and community amenities	75	112	96	195	166	157	(120)	(54)	(61)	–	15	1,175	1,580
Water supplies	2,487	2,353	2,892	2,340	2,473	2,540	147	(120)	352	260	9	27,023	16,004
Sewerage services	714	705	709	627	749	641	87	(44)	68	8	8	11,995	9,766
Recreation and culture	385	211	88	1,089	1,330	1,152	(704)	(1,119)	(1,064)	41	47	7,950	6,139
Mining, manufacturing and construction	7	18	7	1,183	1,191	1	(1,176)	(1,173)	6	–	–	–	–
Transport and communication	4,092	6,134	6,147	4,135	6,734	6,730	(43)	(600)	(583)	2,699	1,962	157,925	157,832
Economic affairs	113	116	172	117	112	79	(4)	4	93	6	–	357	2,375
Total functions and activities	10,272	12,644	12,155	13,714	17,235	16,663	(3,442)	(4,591)	(4,508)	4,710	2,949	223,479	202,406
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	4	–	–	–	4	–	4	(4)	–	–	53	49
General purpose income ¹	6,629	8,568	6,317	–	–	–	6,629	8,568	6,317	5,594	3,473	–	–
Operating result from continuing operations	16,901	21,216	18,472	13,714	17,235	16,667	3,187	3,981	1,805	10,304	6,422	223,532	202,455

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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

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

GOVERNANCE

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

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

HEALTH

Includes Council's Medical Centre, immunisation, food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's' services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		278	274
Farmland		1,664	1,627
Mining		573	562
Business		234	226
Total ordinary rates		2,749	2,689
Special rates			
Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		553	528
Water supply services		752	753
Sewerage services		444	444
Waste management services (non-domestic)		112	108
Total annual charges		1,861	1,833
TOTAL RATES AND ANNUAL CHARGES		4,610	4,522

Council has used 2015 year valuations provided by the NSW Valuer General in calculating its rates.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		1,131	1,306
Sewerage services		176	192
Total user charges		1,307	1,498
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services		9	4
Planning and building regulation		49	39
Private works – section 67		142	58
Regulatory/ statutory fees		5	3
Regulatory fees		2	–
Section 149 certificates (EPA Act)		11	15
Section 603 certificates		7	7
Other		3	1
Total fees and charges – statutory/regulatory		228	127
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Admission and service fees		7	6
Cemeteries		53	33
Child care		201	33
Community centres		1	2
Fire and emergency services levy (FESL) implementation		59	–
Leaseback fees – Council vehicles		11	11
Library and art gallery		3	3
Medical Centre		41	–
Museum		6	8
Park rents		1	5
Reimbursements		64	208
RMS (formerly RTA) charges (state roads not controlled by Council)		2,356	3,226
Waste disposal tipping fees		18	10
Other		–	15
Total fees and charges – other		2,821	3,560
TOTAL USER CHARGES AND FEES		4,356	5,185

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		25	25
– Interest earned on investments (interest and coupon payment income)		296	211
TOTAL INTEREST AND INVESTMENT REVENUE		321	236
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		25	25
General Council cash and investments		200	112
Restricted investments/funds – external:			
Water fund operations		25	35
Sewerage fund operations		71	64
Total interest and investment revenue recognised		321	236
(d) Other revenues			
Rental income – other council properties		178	156
Fines		2	–
Legal fees recovery – rates and charges (extra charges)		7	16
Bogan Bush Mobile Reserve		15	–
Insurance claim recoveries		54	1
Insurance policy rebate		38	54
Sales – general		42	44
Sales – scrap metal		–	4
Other (Cobar water security project and APC piping)		175	761
Other		2	5
TOTAL OTHER REVENUE		513	1,041

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – paid in advance	1,899	–	–	–
Financial assistance – general component	2,342	2,147	–	–
Financial assistance – local roads component	1,343	1,316	–	–
Pensioners' rates subsidies – general component	10	10	–	–
Total general purpose	5,594	3,473	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	10	9	–	–
– Sewerage	8	8	–	–
– Domestic waste management	18	18	–	–
Water supplies	248	–	–	–
Asset Management	–	–	300	–
Bushfire and emergency services	87	83	–	–
Child care	354	31	–	450
Community care	278	274	–	–
Economic development	5	–	–	–
Environmental protection	5	–	–	44
Heritage and cultural	2	–	–	–
Library	28	23	–	–
Medical Centre	–	–	611	–
Recreation and culture	41	24	–	–
Street lighting	15	15	–	–
Transport (roads to recovery)	1,121	1,783	–	–
Transport (other roads and bridges funding)	1,375	–	189	181
Youth services	1	1	–	–
Wage subsidy apprentices	14	5	–	–
Total specific purpose	3,610	2,274	1,100	675
Total grants	9,204	5,747	1,100	675
Grant revenue is attributable to:				
– Commonwealth funding	1,754	2,089	611	450
– State funding	7,450	3,658	489	225
	9,204	5,747	1,100	675

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
Nil				
Other contributions:				
Childcare	15	18	–	–
Community services	–	1	–	–
Medical Centre	–	–	25	–
NRL Footy Facilities Funding	–	–	33	–
On road diesel fuel grant	68	66	–	–
Other councils – joint works/services	20	21	–	–
Recreation and culture	6	61	6	–
RMS contributions (regional roads, block grant)	915	899	–	–
SES	–	–	20	–
Total other contributions	1,024	1,066	84	–
Total contributions	1,024	1,066	84	–
TOTAL GRANTS AND CONTRIBUTIONS	10,228	6,813	1,184	675

\$ '000	Actual 2017	Actual 2016
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	247	486
Add: grants and contributions recognised in the current period but not yet spent:	353	247
Less: grants and contributions recognised in a previous reporting period now spent:	–	(486)
Net increase (decrease) in restricted assets during the period	353	(239)
Unexpended and held as restricted assets	600	247
Comprising:		
– Specific purpose unexpended grants	600	247
– Developer contributions	–	–
	600	247

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		5,222	4,518
Employee termination costs (where material – other than vested leave paid)		7	88
Travel expenses		31	22
Employee leave entitlements (ELE)		933	908
Superannuation		618	547
Workers' compensation insurance		126	109
Fringe benefit tax (FBT)		27	15
Training costs (other than salaries and wages)		89	83
Protective clothing		24	26
Other (Cobar water security project)		3	7
Other		29	28
Total employee costs		7,109	6,351
Less: capitalised costs		(397)	(628)
TOTAL EMPLOYEE COSTS EXPENSED		6,712	5,723
Number of 'full-time equivalent' employees (FTE) at year end		90	90
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		74	–
Total interest bearing liability costs expensed		74	–
(ii) Other borrowing costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		74	–
(c) Materials and contracts			
Raw materials and consumables		5,723	3,219
Contractor and consultancy costs		2,973	2,769
Auditors remuneration ⁽¹⁾		35	29
Legal expenses:			
– Legal expenses: debt recovery		9	13
– Legal expenses: other		3	8
Other – Cobar water security project and APC piping		7	731
Total materials and contracts		8,750	6,769
Less: capitalised costs		(3,556)	(1,308)
TOTAL MATERIALS AND CONTRACTS		5,194	5,461

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts (continued)			
1. Auditor remuneration			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Auditor-General		35	–
Remuneration for audit and other assurance services		35	–
Total Auditor-General remuneration		35	–
b. During the year, the following fees were incurred for services provided by the other Council's Auditors:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		–	29
Remuneration for audit and other assurance services		–	29
Total remuneration of other Council's Auditors		–	29
Total Auditor remuneration		35	29
(d) Depreciation, amortisation and impairment			
Plant and equipment		560	502
Office equipment		64	37
Furniture and fittings		14	–
Infrastructure:			
– Buildings – non-specialised		433	501
– Buildings – specialised		205	90
– Other structures		72	61
– Roads		1,667	1,436
– Bridges		94	94
– Footpaths		42	42
– Stormwater drainage		5	5
– Water supply network		436	430
– Sewerage network		162	113
Total depreciation and amortisation costs		3,754	3,311
Impairment			
Nil			
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		3,754	3,311

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		26	31
Bad and doubtful debts		20	2
Bank charges		10	21
Cleaning		32	45
Computer software charges		111	95
Councillor expenses – mayoral fee		19	18
Councillor expenses – councillors' fees		75	75
Councillors' expenses (incl. mayor) – other (excluding fees above)		56	51
Donations, contributions and assistance to other organisations (Section 356)		183	181
Election expenses		27	–
Electricity and heating		207	152
Fair value decrements – I,PP&E	9(a)	–	543
Fire and emergency services levy (FESL) implementation costs		9	–
Insurance		394	413
Office expenses (including computer expenses)		35	31
Postage		13	10
Printing and stationery		46	36
Street lighting		87	73
Subscriptions and publications		47	51
Telephone and communications		52	49
Tourism expenses (excluding employee costs)		5	–
Valuation fees		19	19
Other		21	49
<u>TOTAL OTHER EXPENSES</u>		<u>1,494</u>	<u>1,945</u>

Note 5. Gains or losses from the disposal of assets

Property (excl. investment property)			
Proceeds from disposal – property		40	–
Less: carrying amount of property assets sold/written off		(26)	–
Net gain/(loss) on disposal		<u>14</u>	<u>–</u>
Plant and equipment			
Proceeds from disposal – plant and equipment		205	510
Less: carrying amount of plant and equipment assets sold/written off		(226)	(733)
Net gain/(loss) on disposal		<u>(21)</u>	<u>(223)</u>
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		4,808	3,300
Less: carrying amount of financial assets sold/redeemed/matured		(4,808)	(3,300)
Net gain/(loss) on disposal		<u>–</u>	<u>–</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(7)</u>	<u>(223)</u>

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		100	–	96	–
Cash-equivalent assets ¹					
– Deposits at call		3,368	–	2,508	–
Total cash and cash equivalents		3,468	–	2,604	–
Investments (Note 6b)					
– Long term deposits		7,800	–	5,808	–
Total investments		7,800	–	5,808	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		11,268	–	8,412	–

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:

Cash and cash equivalents					
a. 'At fair value through the profit and loss'		3,468	–	2,604	–
Investments					
a. 'Held to maturity'		7,800	–	5,808	–
Investments		7,800	–	5,808	–

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	11,268	–	8,412	–
attributable to:				
External restrictions (refer below)	3,813	–	4,099	–
Internal restrictions (refer below)	4,980	–	3,812	–
Unrestricted	2,475	–	501	–
	11,268	–	8,412	–

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Specific purpose unexpended grants (F)	247	353	–	600
Water supplies (G)	1,304	–	(675)	629
Sewerage services (G)	2,548	36	–	2,584
External restrictions – other	4,099	389	(675)	3,813
Total external restrictions	4,099	389	(675)	3,813

Internal restrictions

Plant and vehicle replacement	616	2,609	(2,292)	933
FAG Grant in Advance	–	1,900	–	1,900
Employees leave entitlement	318	28	–	346
Carry over works	525	706	(765)	466
Bush mobile service	37	–	(10)	27
Council building reserve	79	–	(79)	–
Future infrastructure fund	8	–	(8)	–
Museum	27	10	(12)	25
Other (capital building projects)	1,287	1,027	(2,031)	283
Roads and ancillary services	490	264	(380)	374
Village amenities	37	24	(4)	57
Waste facility	378	550	(379)	549
Other	10	20	(10)	20
Total internal restrictions	3,812	7,138	(5,970)	4,980
TOTAL RESTRICTIONS	7,911	7,527	(6,645)	8,793

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))

G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		200	155	148	110
Interest and extra charges		–	37	54	11
User charges and fees		1,436	188	944	–
Accrued revenues					
– Interest on investments		120	–	27	–
Deferred debtors		12	15	13	26
Government grants and subsidies		868	–	–	–
Net ATO receivable		94	–	133	–
Total		2,730	395	1,319	147
Less: provision for impairment					
Rates and annual charges		(45)	–	(35)	–
Interest and extra charges		(12)	–	(20)	–
Total provision for impairment – receivables		(57)	–	(55)	–
TOTAL NET RECEIVABLES		2,673	395	1,264	147
Externally restricted receivables					
Water supply					
– Rates and availability charges		40	31	36	16
– Other		241	194	509	–
Sewerage services					
– Rates and availability charges		35	2	21	7
– Other		46	6	59	–
Domestic waste management		45	25	38	35
Total external restrictions		407	258	663	58
Internally restricted receivables					
Nil					
Unrestricted receivables		2,266	137	601	89
TOTAL NET RECEIVABLES		2,673	395	1,264	147

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		263	–	240	–
Total inventories at cost		263	–	240	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		263	–	240	–
(b) Other assets					
Prepayments		39	–	51	–
TOTAL OTHER ASSETS		39	–	51	–
Externally restricted assets					
Water					
Prepayments		1	–	–	–
Total water		1	–	–	–
Sewerage					
Nil					
Domestic waste management					
Nil					
Other					
Nil					
Total externally restricted assets		1	–	–	–
Total internally restricted assets		–	–	–	–
Total unrestricted assets		301	–	291	–
TOTAL INVENTORIES AND OTHER ASSETS		302	–	291	–

(i) Other disclosures**(a) Inventory write downs**

There were no amounts recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Bogan Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period						as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Plant and equipment	7,474	3,238	4,236	812	–	(226)	(560)	–	–	7,869	3,607	4,262
Office equipment	441	302	139	44	141	–	(64)	–	–	626	366	260
Furniture and fittings	274	142	132	–	–	–	(14)	–	–	274	156	118
Land:												
– Operational land	174	–	174	–	–	(26)	–	–	267	415	–	415
– Community land	1,910	–	1,910	–	–	–	–	–	224	2,134	–	2,134
Infrastructure:												
– Buildings – non-specialised	21,354	12,509	8,845	–	2,279	–	(433)	(2,005)	–	19,590	10,904	8,686
– Buildings – specialised	4,085	2,609	1,476	–	–	–	(205)	1,969	–	8,180	4,940	3,240
– Other structures	2,932	1,022	1,910	202	705	–	(72)	36	–	3,787	1,006	2,781
– Roads	89,385	20,875	68,510	843	490	–	(1,667)	–	–	90,718	22,542	68,176
– Bridges	11,784	2,050	9,734	–	–	–	(94)	–	–	11,784	2,144	9,640
– Footpaths	3,396	1,384	2,012	–	83	–	(42)	–	–	3,479	1,426	2,053
– Bulk earthworks (non-depreciable)	65,095	–	65,095	–	–	–	–	–	–	65,095	–	65,095
– Stormwater drainage	7,237	157	7,080	–	–	–	(5)	–	–	7,237	162	7,075
– Water supply network	33,143	19,229	13,914	988	89	–	(436)	–	11,047	35,215	9,613	25,602
– Sewerage network	11,148	4,023	7,125	78	6	–	(162)	–	2,257	13,831	4,527	9,304
Other assets:												
– Other	154	154	–	–	–	–	–	–	–	154	154	–
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	259,986	67,694	192,292	2,967	3,793	(252)	(3,754)	–	13,795	270,388	61,547	208,841

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Bogan Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

\$ '000 Class of asset	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
Infrastructure	35,215	9,613	25,602	33,143	19,229	13,914
Total water supply	35,215	9,613	25,602	33,143	19,229	13,914
Sewerage services						
Infrastructure	13,831	4,527	9,304	11,148	4,023	7,125
Total sewerage services	13,831	4,527	9,304	11,148	4,023	7,125
Domestic waste management						
Plant and equipment	491	293	198	491	280	211
Total DWM	491	293	198	491	280	211
TOTAL RESTRICTED I,PP&E	49,537	14,433	35,104	44,782	23,532	21,250

Note 9c. Infrastructure, property, plant and equipment – current year impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		698	–	423	–
Goods and services – capital expenditure		119	–	95	–
Accrued expenses:					
– Borrowings		33	–	–	–
– Salaries and wages		140	–	30	–
– Other expenditure accruals		14	–	–	–
Security bonds, deposits and retentions		3	–	4	–
Bogan bush mobile		27	–	42	–
National Bank		1	–	–	–
Historical Society		8	–	–	–
Total payables		1,043	–	594	–
Income received in advance					
Payments received in advance		–	–	5	–
Total income received in advance		–	–	5	–
Borrowings					
Loans – secured ¹		186	2,562	1	–
Total borrowings		186	2,562	1	–
Provisions					
Employee benefits:					
Annual leave		697	–	629	–
Long service leave		660	–	611	–
Other leave		28	–	35	–
Total provisions		1,385	–	1,275	–
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		2,614	2,562	1,875	–
(i) Liabilities relating to restricted assets					
		2017		2016	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Water		80	–	48	–
Sewer		11	–	6	–
Liabilities relating to externally restricted assets		91	–	54	–
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		91	–	54	–
Total liabilities relating to unrestricted assets		2,523	2,562	1,821	–
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		2,614	2,562	1,875	–

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
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(ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	965	891
	<u>965</u>	<u>891</u>

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	3,468	2,604
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		3,468	2,604
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		3,981	1,805
Adjust for non-cash items:			
Depreciation and amortisation		3,754	3,311
Net losses/(gains) on disposal of assets		7	223
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Write offs relating to the fair valuation of I,PP&E		–	543
Share of net (profits) or losses of associates/joint ventures		(4)	4
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,671)	2
Increase/(decrease) in provision for doubtful debts		2	1
Decrease/(increase) in inventories		(23)	121
Decrease/(increase) in other assets		12	(20)
Increase/(decrease) in payables		275	(82)
Increase/(decrease) in accrued interest payable		33	–
Increase/(decrease) in other accrued expenses payable		124	(29)
Increase/(decrease) in other liabilities		(12)	(44)
Increase/(decrease) in employee leave entitlements		110	(23)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		6,588	5,812
(c) Non-cash investing and financing activities			
Nil			
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Credit cards/purchase cards		20	20
Total financing arrangements		20	20
Amounts utilised as at balance date:			
– Credit cards/purchase cards		3	6
Total financing arrangements utilised		3	6
(ii) Secured loan liabilities			

Loans are secured by a mortgage over future years rate revenue only.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		–	484
SES shed		–	150
Total commitments		–	634
These expenditures are payable as follows:			
Within the next year		–	634
Total payable		–	634
Sources for funding of capital commitments:			
Internally restricted reserves		–	634
Total sources of funding		–	634

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

(d) Investment property commitments

Nil

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods		Benchmark
			2016	2015	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>2,800</u>	13.98%	10.68%	4.09%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>20,028</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>9,800</u>	46.20%	59.46%	61.78%	>60.00%
Total continuing operating revenue ⁽¹⁾	<u>21,212</u>				
2b. Own source operating revenue ratio – Rural council model					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions (other than FAG)	<u>15,394</u>	72.57%	78.36%	83.03%	
Total continuing operating revenue ⁽¹⁾	<u>21,212</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>10,022</u>	6.43x	5.60x	5.44x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>1,558</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>6,628</u>	52.19x	5,211.00x	4,041.00x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>127</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>335</u>	6.82%	5.51%	6.37%	< 5% Metro
Rates, annual and extra charges collectible	<u>4,910</u>				<10% Rural
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>11,268</u>	8.47 mths	7.2 mths	8.5 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>1,331</u>				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

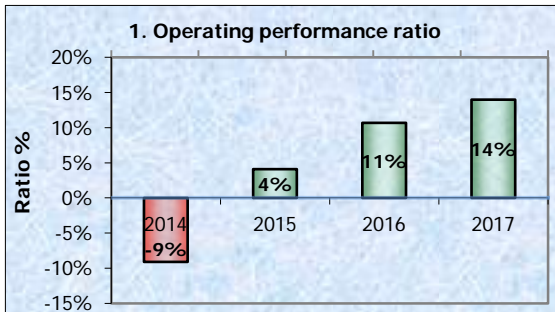
⁽³⁾ Refer to Note 10(a).

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

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of operating performance ratio

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

Commentary on 2016/17 result

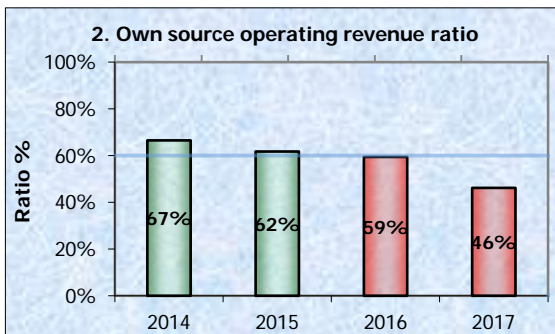
2016/17 ratio 13.98%

This is due to the FAG Grant paid in advance for 2017/18 and to an increase in R2R funds included in operating grants.

Benchmark: Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 2016/17 result

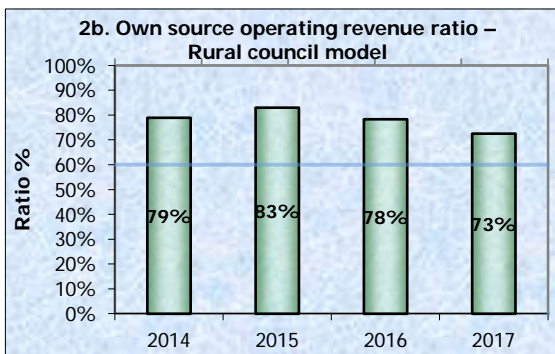
2016/17 ratio 46.20%

The inclusion of \$2.5 million of Grant income paid in advance has caused this percentage to go down. Council also received a flood grant of \$1.4 million which has effected this percentage.

Benchmark: Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 2016/17 result

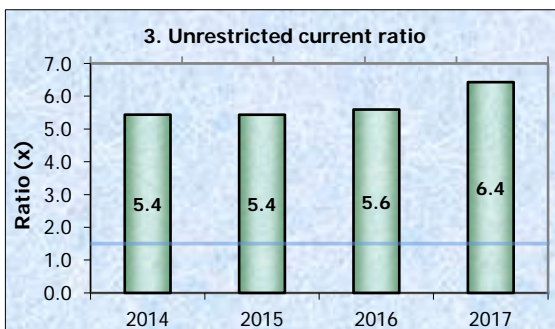
2016/17 ratio 72.57%

This ratio shows that Rural Councils with the inclusion of FAG Grants can meet benchmarks for own source revenue ratios

Benchmark: Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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

Commentary on 2016/17 result

2016/17 ratio 6.43x

This ratio has remained relatively stable. External cash restrictions have increased due to Grant funds paid in advance.

Benchmark: Minimum ≥ 1.50

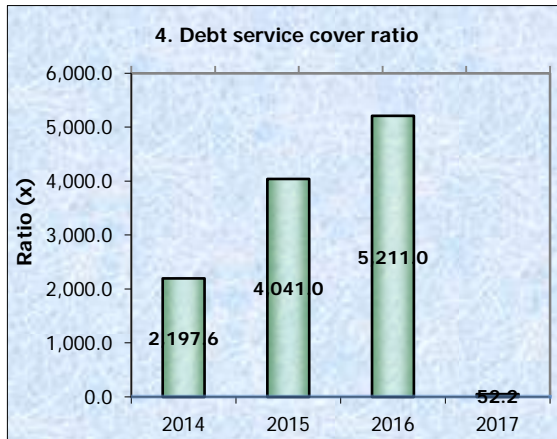
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of debt service cover ratio

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

Commentary on 2016/17 result

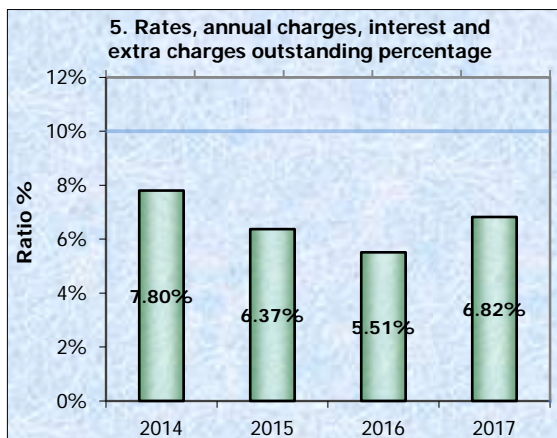
2016/17 ratio 52.19x

This has decreased significantly due to the drawn down of a \$2.8 million dollar loan from T-Corp to fund Capital Projects. The major projects included the Bogan Shire Early Learning Centre, the Bogan Shire Medical Centre and the Waste and Recycling Facility

Benchmark: Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2016/17 result

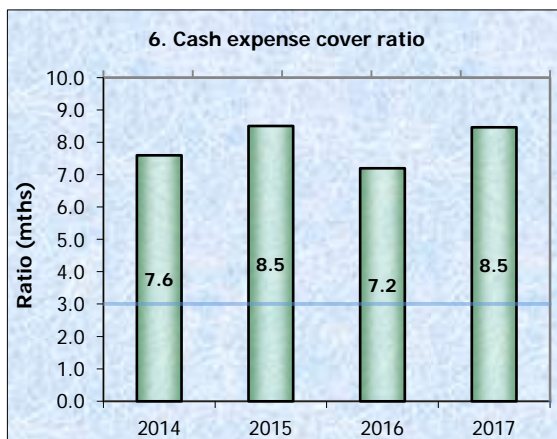
2016/17 ratio 6.82%

Council's collection of rates remains good and long term debt is expected to be addressed in 2017/2018 with a Sale of Land for rates.

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 2016/17 result

2016/17 ratio 8.47 mths

Council's cash has increased due to the drawdown of loans funding from Tcorp during the year.

Benchmark: Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
<hr/>							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	10.14%	10.34%	2.69%	12.72%	2.90%	9.04%	>0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
<hr/>							
Total continuing operating revenue ⁽¹⁾	22.73%	51.30%	-22.45%	91.80%	-44.91%	98.87%	>60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
<hr/>							
Current liabilities less specific purpose liabilities ^(3, 4)	6.43x	5.60x	14.20x	38.85x	243.00x	439.17x	>1.5x

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund) (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation							
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	49.70x	4,236.00x	0.00x	0.00x	0.00x	0.00x	>2x
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	6.11%	6.47%	9.43%	3.43%	8.33%	6.32%	< 5% Metro <10% Rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits							
Payments from cash flow of operating and financing activities	7.16 months	4.80 months	3.99 months	7.48 months	53.37 months	57.58 months	> 3 months

Notes

(1) Refer to Notes at Note 13a(i) above.

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

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

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

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

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

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	3,468	2,604	3,468	2,604
Investments				
– 'Held to maturity'	7,800	5,808	7,800	5,808
Receivables	3,068	1,411	3,068	1,411
Total financial assets	14,336	9,823	14,336	9,823
Financial liabilities				
Payables	1,043	594	1,043	594
Loans/advances	2,748	1	2,748	1
Total financial liabilities	3,791	595	3,791	595

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.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

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

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

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
2017				
Possible impact of a 1% movement in interest rates	78	78	(78)	(78)
2016				
Possible impact of a 1% movement in interest rates	83	83	(83)	(83)

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. 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:

		2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(i) Ageing of receivables – %					
Current (not yet overdue)		0%	95%	0%	86%
Overdue		100%	5%	100%	14%
		100%	100%	100%	100%
(ii) Ageing of receivables – value					
		Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	Current	200	2,473	–	1,142
< 1 year overdue	0 – 30 days overdue	–	239	149	1
1 – 2 years overdue	31 – 60 days overdue	102	32	58	7
2 – 5 years overdue	61 – 90 days overdue	33	15	36	1
> 5 years overdue	> 91 days overdue	20	11	15	57
		355	2,770	258	1,208
(iii) Movement in provision for impairment of receivables					
				2017	2016
Balance at the beginning of the year				55	54
+ new provisions recognised during the year				20	5
– amounts already provided for and written off this year				(18)	(4)
Balance at the end of the year				57	55

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2017									
Trade/other payables	3	866	–	–	–	–	–	869	1,043
Loans and advances	–	186	186	186	186	186	2,700	3,630	2,748
Total financial liabilities	3	1,052	186	186	186	186	2,700	4,499	3,791
2016									
Trade/other payables	–	598	–	–	–	–	–	598	594
Loans and advances	–	1	–	–	–	–	–	1	1
Total financial liabilities	–	599	–	–	–	–	–	599	595

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 through the diversification of borrowing types, maturities and interest rate structures.

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	1,043	0.00%	594	0.00%
Loans and advances – fixed interest rate	2,748	2.94%	1	0.00%
	<u>3,791</u>		<u>595</u>	

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 22 June 2017.

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	2017 Budget	2017 Actual	2017 ----- Variance* -----		
REVENUES					
Rates and annual charges	4,612	4,610	(2)	(0%)	U
User charges and fees	2,904	4,356	1,452	50%	F
RMS Contract & Ordered Works \$1.6 million higher than original budget					
Interest and investment revenue	252	321	69	27%	F
Loan funds of \$2.8 million drawn down early were invested and not in the original budget					
Other revenues	662	513	(149)	(23%)	U
Insurance Rebates & Claims and Sale of Sundry Items in Clearing Sale not in original budget					
Operating grants and contributions	7,397	10,228	2,831	38%	F
Advance Financial Assistance grant of \$1,899,415 and Flood Grant payment from RMS of \$1,374,829 not in the original budget					
Capital grants and contributions	1,074	1,184	110	10%	F
RMS Block Grant received not in original budget					
Net gains from disposal of assets	-	-	-	0%	F
Profit on Sale of Plant & Equipment not in original budget					
Joint ventures and associates - net profits	-	4	4	0%	F
Proceeds of joint venture not in original budget					

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	5,457	6,712	(1,255)	(23%)	U
Additional wages due to RMS Contract and Ordered works and also flood damage costs not in original budget.					
Borrowing costs	-	74	(74)	0%	U
Loan was not expected to be drawdown until the end of the Financial Year so costs were not in the original budget					
Materials and contracts	3,247	5,194	(1,947)	(60%)	U
Variation is due to additional materials used in RMCC contract and ordered works as funding was not in original budget. There were also increases to materials due to flood grant funding not originally budgeted.					
Depreciation and amortisation	3,499	3,754	(255)	(7%)	U
Other expenses	1,511	1,494	17	1%	F
Net losses from disposal of assets	-	7	(7)	0%	U

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

Cash flows from operating activities	6,570	6,588	18	0.3%	F
Cash flows from investing activities	(7,409)	(8,471)	(1,062)	14.3%	U
Movement in Investments not budgeted for due to early draw down of the loan allowing excess cash to be invested					
Cash flows from financing activities	1,129	2,747	1,618	143.3%	F
Loan drawdown was for \$2.8 million which included 2015/16 loans as well as 2016/17. Council covered the 15/16 loan with cash reserves.					

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of Developer Contributions

\$ '000

Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

Note 18. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

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.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Controlled entities (subsidiaries)

Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint ventures and associates

Note 19(b)

Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Joint operations

Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated structured entities

Note 19(d)

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Joint ventures	4	(4)	53	49
Total	4	(4)	53	49

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

(a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

(b) Joint ventures and associates

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

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	2017	2016
North Western Library Co-operative	Joint venture	53	49
Total carrying amounts – material joint ventures and associates		53	49

(b) Details

Name of entity	Principal activity	Place of business
North Western Library Co-operative	Joint Purchase of Books & E-Resources	Warren

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2017	2016	2017	2016	2017	2016	2017	2016
North Western Library Co-operative	n/a	n/a	25%	25%	25%	25%	25%	25%

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates

(d) Summarised financial information for joint ventures and associates

	North Western Library Co-operative	
	2017	2016
Statement of financial position		
Current assets		
Cash and cash equivalents	9	5
Non-current assets	203	191
Net assets	212	196
Reconciliation of the carrying amount		
Opening net assets (1 July)	209	213
Profit/(loss) for the period	4	(4)
Closing net assets	213	209
Council's share of net assets (%)	25.0%	25.0%
Council's share of net assets (\$)	53	49
	2017	2016
Statement of comprehensive income		
Income	238	211
Interest income	3	2
Other expenses	(225)	(230)
Profit/(loss) from continuing operations	16	(17)
Profit/(loss) for period	16	(17)
Total comprehensive income	16	(17)
Share of income – Council (%)	25.0%	25.0%
Profit/(loss) – Council (\$)	4	(4)
Total comprehensive income – Council (\$)	4	(4)

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities

(e) Subsidiaries, joint arrangements and associates not recognised

None.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		142,996	141,191
a. Net operating result for the year		3,981	1,805
Balance at end of the reporting period		146,977	142,996
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		71,379	57,584
Total		71,379	57,584
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		57,584	57,376
– Revaluations for the year	9(a)	13,795	208
– Balance at end of year		71,379	57,584
TOTAL VALUE OF RESERVES		71,379	57,584

(iii) 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.

(c) Correction of error/s relating to a previous reporting period

Council made no correction of errors during the current reporting period.

(d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

(e) Changes in accounting estimates

Council made no changes in accounting estimates during the year.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2017	Actual 2017	Actual 2017
<u>Continuing operations</u>	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	752	444	3,414
User charges and fees	991	180	3,185
Interest and investment revenue	25	71	225
Other revenues	324	2	187
Grants and contributions provided for operating purposes	261	8	9,959
Grants and contributions provided for capital purposes	–	–	1,184
Other income			
Net gains from disposal of assets	–	–	–
Share of interests in joint ventures and associates using the equity method	–	–	4
Total income from continuing operations	2,353	705	18,158
Expenses from continuing operations			
Employee benefits and on-costs	385	133	6,194
Borrowing costs	–	–	74
Materials and contracts	1,548	421	3,225
Depreciation and amortisation	436	162	3,156
Impairment	–	–	–
Other expenses	104	34	1,356
Total expenses from continuing operations	2,473	750	14,012
Operating result from continuing operations	(120)	(45)	4,146
<u>Discontinued operations</u>			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the year	(120)	(45)	4,146
Net operating result attributable to each council fund	(120)	(45)	4,146
Net operating result attributable to non-controlling interests	–	–	–
Net operating result for the year before grants and contributions provided for capital purposes	(120)	(45)	2,962

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

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

Bogan Shire Council

Notes to the Financial Statements

as at 30 June 2017

Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2017	Actual 2017	Actual 2017
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	629	1,584	1,255
Investments	–	1,000	6,800
Receivables	507	89	2,077
Inventories	–	–	263
Other	–	–	39
Total current assets	1,136	2,673	10,434
Non-current assets			
Investments	–	–	–
Receivables	–	–	395
Inventories	–	–	–
Infrastructure, property, plant and equipment	25,602	9,304	173,935
Investments accounted for using the equity method	–	–	53
Total non-current assets	25,602	9,304	174,383
TOTAL ASSETS	26,738	11,977	184,817
LIABILITIES			
Current liabilities			
Payables	80	11	952
Income received in advance	–	–	–
Borrowings	–	–	186
Provisions	–	–	1,385
Total current liabilities	80	11	2,523
Non-current liabilities			
Payables	–	–	–
Income received in advance	–	–	–
Borrowings	–	–	2,562
Provisions	–	–	–
Total non-current liabilities	–	–	2,562
TOTAL LIABILITIES	80	11	5,085
Net assets	26,658	11,966	179,732
EQUITY			
Retained earnings	6,311	7,445	133,221
Revaluation reserves	20,347	4,521	46,511
Other reserves	–	–	–
Total equity	26,658	11,966	179,732

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

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 25/10/16.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has various garbage centres and transfer stations situated around the community. These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

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

- the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,
- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's financial results or financial position as at 30/6/17.

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. 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:

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/17	–	–	4,262	4,262
Office equipment	30/06/17	–	–	260	260
Furniture and fittings	30/06/17	–	–	118	118
Operational land	30/06/17	–	–	415	415
Community land	30/06/17	–	–	2,134	2,134
Buildings – non-specialised	1/07/13	–	–	8,686	8,686
Buildings – specialised	1/07/13	–	–	3,240	3,240
Other structures	1/07/13	–	–	2,781	2,781
Roads	1/07/14	–	–	68,176	68,176
Bulk earthworks	1/07/14	–	–	65,095	65,095
Storm water drainage	1/07/14	–	–	7,075	7,075
Water supply network	30/06/17	–	–	25,602	25,602
Sewerage network	30/06/17	–	–	9,304	9,304
Bridges	1/07/14	–	–	9,640	9,640
Footpaths	1/07/14	–	–	2,053	2,053
Total infrastructure, property, plant and equipment		–	–	208,841	208,841

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/16	—	—	4,236	4,236
Office equipment	30/06/16	—	—	139	139
Furniture and fittings	30/06/16	—	—	132	132
Operational land	30/06/16	—	—	174	174
Community land	30/06/16	—	—	1,910	1,910
Buildings – non-specialised	1/07/13	—	—	8,845	8,845
Buildings – specialised	1/07/13	—	—	1,476	1,476
Other structures	1/07/13	—	—	1,910	1,910
Roads	1/07/14	—	—	68,510	68,510
Bulk earthworks	1/07/14	—	—	65,095	65,095
Storm water drainage	1/07/14	—	—	7,080	7,080
Water supply network	30/06/17	—	—	13,914	13,914
Sewerage network	30/06/17	—	—	7,125	7,125
Bridges	1/07/14	—	—	9,734	9,734
Footpaths	1/07/14	—	—	2,012	2,012
Total infrastructure, property, plant and equipment		—	—	192,292	192,292

(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.

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

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

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

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

Infrastructure, property, plant and equipment

Plant & Equipment, Office Equipment and Furniture & Fittings

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

- Plant & Equipment – Graders, Trucks, Rollers, Tractors and Motor Vehicles.
- Office Equipment – Computers, photocopiers, calculators etc.
- Furniture & Fittings – Chairs, Desks etc

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

Operational & Community Land

Operational & Community Land are based on either the Land Value provided by the Valuer-General 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. Operational Land is based on the Valuer General's land value as these are representative of the actual market values in the Bogan Shire LGA. As these rates were not considered to be observable market evidence they have been classified as Level 3.

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

Buildings – Non-Specialised & Specialised

Non-Specialised & Specialised Buildings have been valued by external valuers, Aspect Property Consultants using the principles of Fair Value as defined in Accounting Standard AASB13 in 2013. As these values were not considered to contain observable market evidence they have been classified as Level 3.

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

Other Structures

Other Structures comprise the Nyngan Swimming Pool, Aerodrome buildings, playground equipment, lighting, irrigation systems and fencing etc. These assets have been valued by external valuers, Aspect Property Consultants using the principles of Fair Value as defined in Accounting Standard AASB13. As these values were not considered to contain observable market evidence they have been classified as Level 3.

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

Roads

Roads comprise road carriageway, roadside shoulders and kerb & gutter. The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house based on

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

actual costs and assumptions from Council's Asset Manager and Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this assets class.

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

Storm Water Drainage

Storm Water Drainage comprises pipes, culverts and associated assets used for surface water to drain from roads.

The Cost Approach using level 3 inputs was used to value these assets. Valuations for this asset class were undertaken in-house based on actual costs and assumptions from Council's Asset Manager and Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this assets class.

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

Water Supply Network

Assets within this class comprise treatment works, reservoirs, pumping stations and water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

In 2016/2017 Council has undertaken a revaluation of its Water Assets by external Valuers Australis Asset Advisory Group using the principles of Fair Value as defined in Accounting Standard AASB13. As these values were not considered to contain observable market evidence they have been classified as Level 3.

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

Sewerage Network

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets.

In 2016/2017 Council has undertaken a revaluation of its Sewer Assets by external Valuers Australis Asset Advisory Group using the principles of Fair Value as defined in Accounting Standard AASB13. As these values were not considered to contain observable market evidence they have been classified as Level 3.

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
Opening balance – 1/7/15	3,954	96	147	174	4,371
Purchases (GBV)	1,517	39	–	–	1,556
Disposals (WDV)	(733)	–	–	–	(733)
Depreciation and impairment	(502)	(22)	(15)	–	(539)
Other movement	–	26	–	–	26
Closing balance – 30/6/16	4,236	139	132	174	4,681
Purchases (GBV)	812	185	–	–	997
Disposals (WDV)	(226)	–	–	(26)	(252)
Depreciation and impairment	(560)	(64)	(14)	–	(638)
Other movement (Reval)	–	–	–	267	267
Closing balance – 30/6/17	4,262	260	118	415	5,055

	Community land	Buildings non- specialised	Buildings specialised	Other structures	Total
Opening balance – 1/7/15	2,452	8,000	1,099	1,481	13,032
Purchases (GBV)	–	1,346	467	490	2,303
Depreciation and impairment	–	(501)	(90)	(61)	(652)
Other movement (Reval)	(542)	–	–	–	(542)
Closing balance – 30/6/16	1,910	8,845	1,476	1,910	14,141
Purchases (GBV)	–	2,279	–	907	3,186
Disposals (WDV)	–	(433)	(205)	(72)	(710)
Other movement (Reclassification)	–	(2,005)	1,969	36	–
Other movement (Reval)	224	–	–	–	224
Closing balance – 30/6/17	2,134	8,686	3,240	2,781	16,841

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. 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	Bulk earth works	Stormwater drainage	Water network	Total
Opening balance – 1/7/15	67,712	65,095	7,085	13,762	153,654
Purchases (GBV)	2,234	–	–	445	2,679
Depreciation and impairment	(1,436)	–	(5)	(430)	(1,871)
Other movement (Reval Indexation)	–	–	–	137	137
Closing balance – 30/6/16	68,510	65,095	7,080	13,914	154,599
Purchases (GBV)	1,333	–	–	1,077	2,410
Depreciation and impairment	(1,667)	–	(5)	(436)	(2,108)
Other movement (Revaluation)	–	–	–	11,047	11,047
Closing balance – 30/6/17	68,176	65,095	7,075	25,602	165,948

	Bridges	Footpaths	Sewer Network	Total
Opening balance – 1/7/15	9,828	2,040	7,143	19,011
Purchases (GBV)	–	14	24	38
Depreciation and impairment	(94)	(42)	(113)	(249)
Other movement (Reval Indexation)	–	–	71	71
Closing balance – 30/6/16	9,734	2,012	7,125	18,871
Purchases (GBV)	–	83	84	167
Depreciation and impairment	(94)	(42)	(162)	(298)
Other movement (Revaluation)	–	–	2,257	2,257
Closing balance – 30/6/17	9,640	2,053	9,304	20,997

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

Other Structures

An amount of \$490K was transferred in to Other Structures for Liberty Swing \$53K, O'Reilly Park Irrigation System \$69K Waste Depot and Recycling Facility \$126K Replacement of Garbage Bins Pangee Street \$47K, Big Bogan \$20K, Frank Smith Oval Water System \$42K, Information Bays \$29K, Racecourse and showground upgrades \$10K

Roads

An amount of \$2235K was transferred in to Roads for R2R Program resheeting and construction \$1,659K, Block Grant Road Construction \$447K, Strategically placed ground tanks \$30K, Reseal Runway at Airport \$55K and Pedestrian Access Mobility Plan \$30K

Buildings – Non-Specialised

An amount of \$1.2m was transferred into Buildings for the Early Learning Centre. This included site preparation, car parking and fencing of the building. Staff Accommodation has also commenced and the WIP for 2016 is \$89K

Buildings – Specialised

Pangee Street Medical Centre has commenced construction and is included in this figure as a work in progress of \$380K.

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

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

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

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

I,PP&E

Class	Fair value (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
Plant and equipment	\$4,262		<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value
Office equipment	\$260		<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value
Furniture and fittings	\$118		<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value
Operational land	\$415		<ul style="list-style-type: none"> Land value based on price per square metre
Community land	\$2,134		<ul style="list-style-type: none"> Land value based on price per square metre
Buildings – non-specialised	\$8,686		<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value
Buildings – specialised	\$3,240		<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value
Other structures	\$2,781		<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value
Roads	\$68,176		<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value
Bulk earthworks	\$65,095		<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life Residual value

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Class	Fair value (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
Storm water drainage	\$7,075		<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Water supply network	\$25,602		<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Sewer network	\$9,304		<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Bridges	\$9,640		<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Footpaths	\$2,053		<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

(5). Highest and best use

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

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures

\$

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:

	Actual 2017
Compensation:	
Short-term benefits	1,058,055
Post-employment benefits	87,805
Other long-term benefits	15,734
Total	<u>1,161,594</u>

Bogan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures (continued)

\$ '000

b. Other transactions with KMP and their related parties

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

Nature of the transaction		Value of transactions during year	Outstanding balance	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Note	\$'000	(incl. loans and commitments) \$'000		\$'000	\$'000
Supply of goods and service	1	222	–	30 days	–	–
Supply of service	2	1,092	–	14 days	–	–
Supply of goods	3	15	–	14 days	–	–

- 1 Supply of goods and services by KMP. Supplier is engaged by Council under the normal conditions of Councils procurement policy. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment terms.
- 2 Contract works undertaken by KMP within a specialty area have been engaged under Councils normal procurement and tendering processes. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment terms.
- 3 Close family members of Council's KMP are engaged by Council under the conditions of Councils procurement policy. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment terms following Council procurement process.

Bogan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 29. Council information and contact details

Principal place of business:

81 Cobar Street
Nyngan NSW 2825

Contact details

Mailing address:

PO Box 221
Nyngan NSW 2825

Opening hours:

8:00am to 4:30pm
Monday to Friday

Telephone: 02 6835 9000

Facsimile: 02 6835 9011

Internet: www.bogan.nsw.gov.au

Email: admin@bogan.nsw.gov.au

Officers

GENERAL MANAGER

D A Francis

RESPONSIBLE ACCOUNTING OFFICER

S A Waterhouse

PUBLIC OFFICER

S A Waterhouse

AUDITORS

Audit Office of NSW
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Elected members

MAYOR

R L Donald OAM

COUNCILLORS

G R J Neill (Deputy Mayor)

V J Boag

W G Deacon

J L Douglas

V J Dutton

A J Elias

G N Jackson

K M Ryan

Other information

ABN: 68 886 242 083



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Bogan Shire Council

To the Councillors of Bogan Shire Council

Opinion

I have audited the accompanying financial statements of Bogan Shire Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

The Councillors' Responsibility for the Financial Statements

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

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

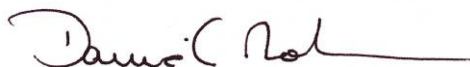
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.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, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



David Nolan
Director, Financial Audit Services

25 October 2017
SYDNEY

Cr Ray Donald OAM
Mayor
Bogan Shire Council
PO Box 221
NYNGAN NSW 2825

Contact: David Nolan
Phone no: 02 9275 7377
Our ref: D1727538

25 October 2017

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2017
Bogan Shire Council**

I have audited the general purpose financial statements of Bogan Shire Council (the Council) for the year ended 30 June 2017 as required by s415 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 2017 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

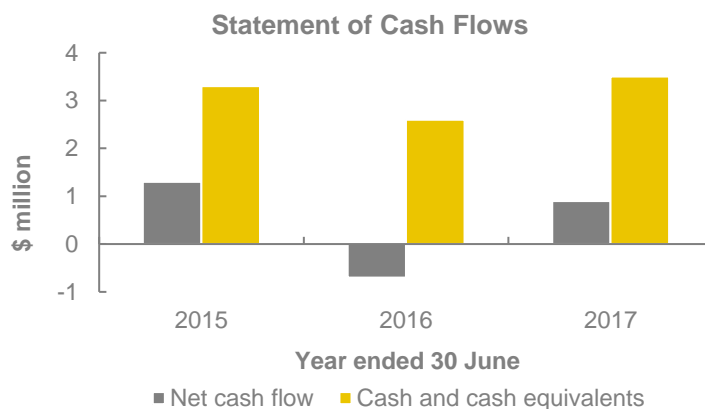
	2017 \$m	2016 \$m	Variance %
Rates and annual charges revenue	4.61	4.52	1.9 ↑
Grants and contributions revenue	11.41	7.49	52.4 ↑
Operating result for the year	3.99	1.81	120.6 ↑
Net operating result before capital amounts	2.80	1.13	147.5 ↑

The operating result for the year was a surplus of \$4.0 million (2016: \$1.8 million) and included a depreciation expense of \$3.8 million (2016: \$3.3 million). The higher operating result for this year is mainly due to increased general and specific purpose grants for operations, including a prepayment of the Financial Assistance Grant relating to 2017/18.

Rates and annual charges represent 22 per cent of Council's total revenues and increased by 1.9 per cent from the previous year.

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 increased by \$864,000 to \$3.5 million at the close of the year.



In addition to operating activities which contributed net cash of \$6.6 million were the proceeds from the sale of investments (\$4.8 million) and assets (\$245,000), proceeds from borrowings (\$2.8 million) and receipts from deferred debtors (\$12,000). Cash outflows other than operating activities were used to purchase investments (\$6.8 million), repay borrowings (\$53,000), and to purchase and construct assets (\$6.7 million).

FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	3.8	4.1	Cash and investments amounted \$11.3 million at 30 June 2017 (2016: \$8.4 million). The increase is mainly due to the Council's surplus for the year.
Internal restrictions	5.0	3.8	
Unrestricted	2.5	.5	
Cash and investments	11.3	8.4	

Externally restricted cash and investments are restricted in their use by externally imposed requirements. These include unspent water and sewer funds and specific purpose grants.

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans and identified programs of works. These totalled \$5 million and their purpose is fully disclosed in Note 6 of the financial statements.

The Council's unrestricted cash and investments amounted to \$2.5 million, which is available to provide liquidity for day to day operations.

Debt

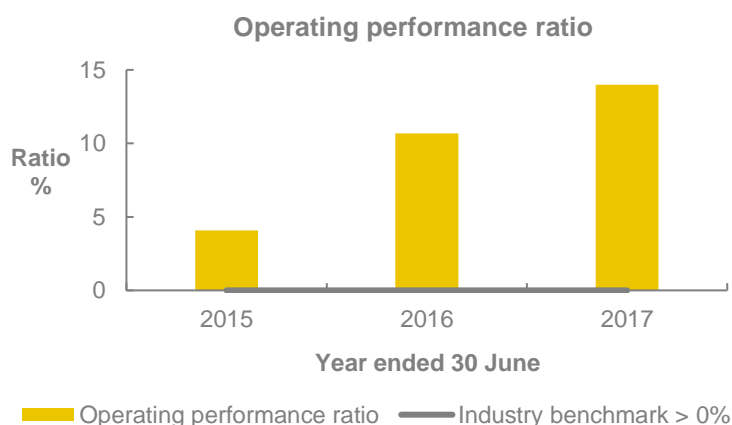
After repaying principal and interest of \$127,000 during the financial year, total debt as at 30 June 2017 was \$2.7 million (2016: \$1,000).

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7.

Operating performance ratio

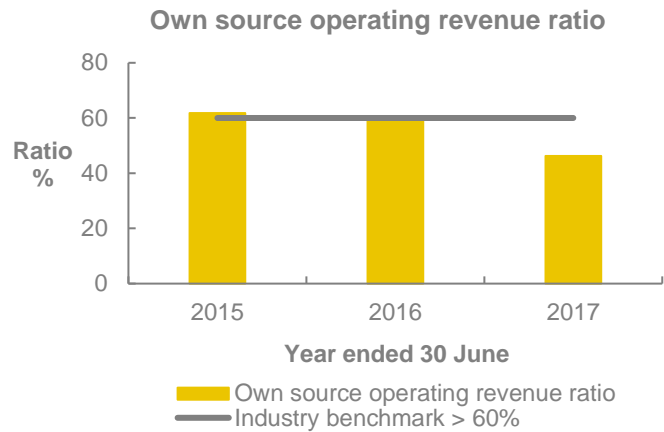
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Council's operating performance indicator of 14 per cent (10.7 per cent in 2016) exceeded the benchmark due to the improved operating result before capital grants and contributions; which was driven by the increase in operating grants received.

Own source operating revenue ratio

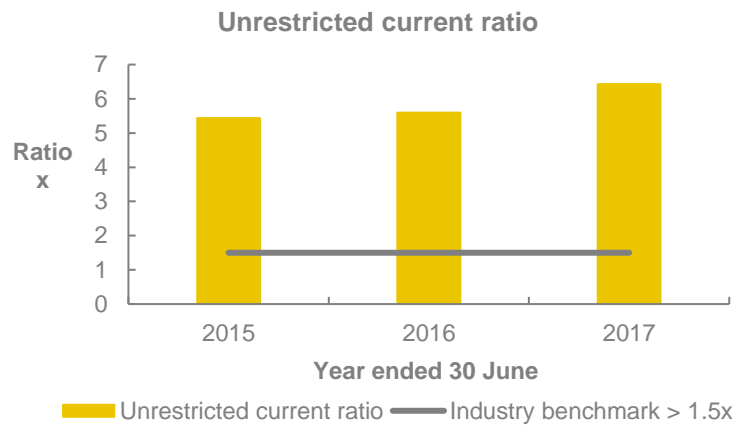
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Council's own source operating revenue ratio was 46 per cent for 2016–17 (59 per cent in 2016), below the benchmark of 60 per cent. As identified in Note 13(a), this performance measure would increase to 72.6 per cent with the inclusion of the Financial Assistance Grant (\$5.6 million).

Unrestricted current ratio

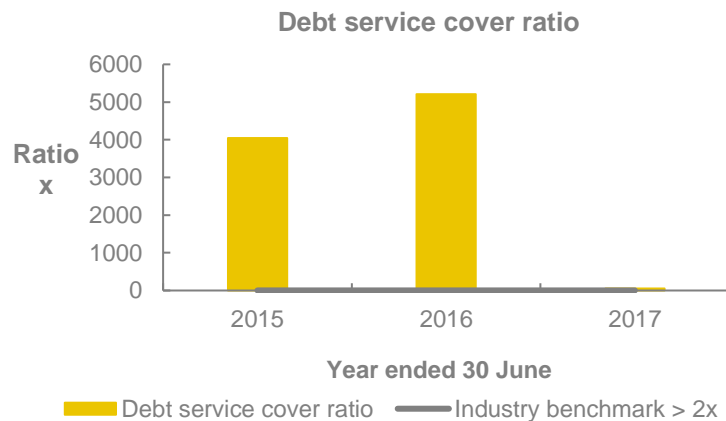
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Council's unrestricted current ratio increased to 6.4 as at 30 June 2017 (5.6 in 2016) and exceeded the benchmark of 1.5 times. The increase in the ratio is mainly due to the increase in current assets.

Debt service cover ratio

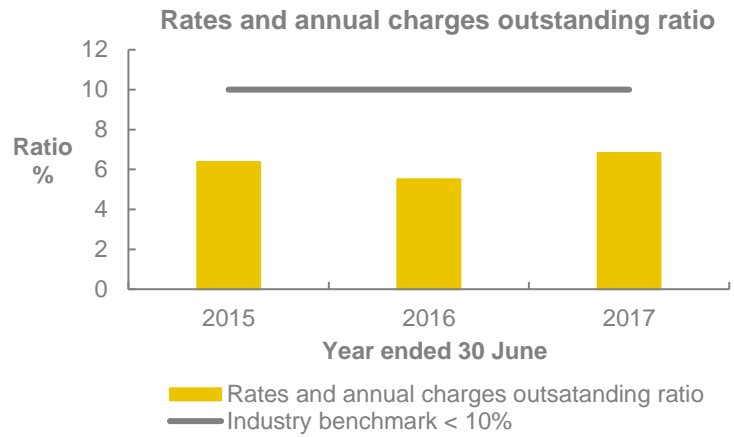
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



The debt service cover ratio for the Council as at 30 June 2017 was 52. This change is due to new debt raised to fund the early learning centre, medical centre and the waste & recycling facility and corresponding increase in debt servicing costs.

Rates and annual charges outstanding ratio

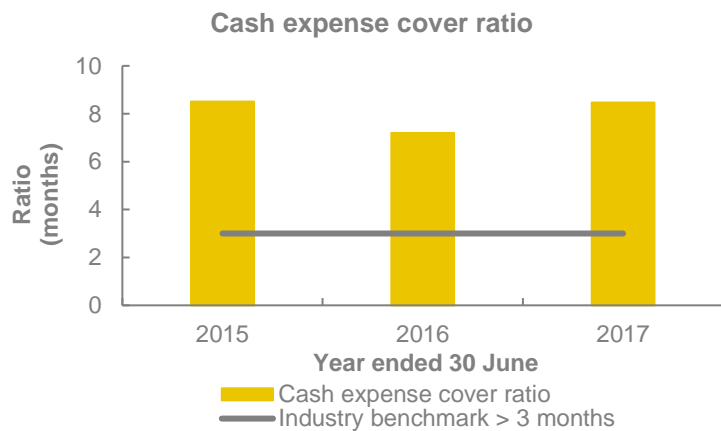
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is below 10 per cent for rural councils.



The rates and annual charges outstanding ratio stood at 6.8 per cent as at 30 June 2017 (5.5 per cent in 2016) and is better than industry benchmark of being below 10 per cent for a rural council.

Cash expense cover ratio

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

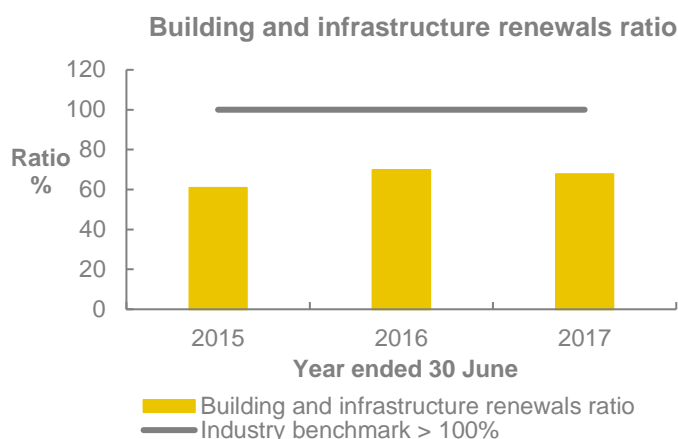


Council's cash expense cover ratio was over eight months and continues to exceed the benchmark of three months.

Building and infrastructure renewals ratio

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 information contained in council's Special Schedule 7 which has not been audited.



Special Schedule No. 7 disclosed infrastructure renewals for 2017 represented 68 per cent (70 per cent in 2016) of the depreciation charges for those assets; below the benchmark of 100 per cent.

OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Asset Revaluations

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the year, water and sewerage infrastructure and operational and community land was revalued. This resulted in a net increase of \$13.795 million recognised directly in Asset Revaluation Reserves.

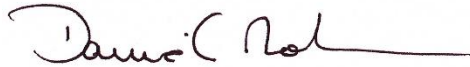
Legislative compliance

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.

Management co-operation

The audit team appreciated the co-operation and help received from the Council's staff, in particular the finance team



David Nolan
Director, Financial Audit Services

25 October 2017
SYDNEY

cc: Mr Derek Francis, General Manager
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government

Bogan Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017



Comfortable Country Living

Bogan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

Contents	Page
1. Statement by Councillors and Management	#
2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	n/a
Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	6
Statement of Financial Position – Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	7
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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).
-

Bogan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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 28 September 2017.



R L Donald OAM
Mayor



G R J Neill
Councillor



D A Francis
General manager



S A Waterhouse
Responsible accounting officer

Bogan Shire Council

Income Statement of Council's Water Supply Business Activity
for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	752	1,514
User charges	991	1,119
Fees	–	–
Interest	25	35
Grants and contributions provided for non-capital purposes	261	9
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	324	215
Total income from continuing operations	2,353	2,892
Expenses from continuing operations		
Employee benefits and on-costs	385	338
Borrowing costs	–	–
Materials and contracts	1,548	1,638
Depreciation, amortisation and impairment	436	430
Water purchase charges	100	130
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	4	(12)
Total expenses from continuing operations	2,473	2,524
Surplus (deficit) from continuing operations before capital amounts	(120)	368
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	(120)	368
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	(120)	368
Less: corporate taxation equivalent (30%) [based on result before capital]	–	(110)
SURPLUS (DEFICIT) AFTER TAX	(120)	258
Plus opening retained profits	6,431	6,063
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	110
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	6,311	6,431
Return on capital %	-0.5%	2.6%
Subsidy from Council	729	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(120)	258
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	–	258
Potential dividend calculated from surplus	–	129

Bogan Shire Council

Income Statement of Council's Sewerage Business Activity
for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	444	443
User charges	176	193
Liquid trade waste charges	4	–
Fees	–	–
Interest	71	64
Grants and contributions provided for non-capital purposes	8	8
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	2	–
Total income from continuing operations	705	708
Expenses from continuing operations		
Employee benefits and on-costs	133	136
Borrowing costs	–	–
Materials and contracts	421	380
Depreciation, amortisation and impairment	162	113
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	34	15
Total expenses from continuing operations	750	644
Surplus (deficit) from continuing operations before capital amounts	(45)	64
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	(45)	64
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	(45)	64
Less: corporate taxation equivalent (30%) [based on result before capital]	–	(19)
SURPLUS (DEFICIT) AFTER TAX	(45)	45
Plus opening retained profits	7,490	7,426
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	19
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	7,445	7,490
Return on capital %	-0.5%	0.9%
Subsidy from Council	266	78
Calculation of dividend payable:		
Surplus (deficit) after tax	(45)	45
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	–	45
Potential dividend calculated from surplus	–	22

Bogan Shire Council

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

as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	629	304
Investments	–	1,000
Receivables	507	561
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	1,136	1,865
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	25,602	13,914
Investments accounted for using equity method	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	25,602	13,914
TOTAL ASSETS	26,738	15,779
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	80	48
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	80	48
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	80	48
NET ASSETS	26,658	15,731
EQUITY		
Retained earnings	6,311	6,431
Revaluation reserves	20,347	9,300
Other reserves	–	–
Council equity interest	26,658	15,731
Non-controlling equity interest	–	–
TOTAL EQUITY	26,658	15,731

Bogan Shire Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	1,584	1,548
Investments	1,000	1,000
Receivables	89	87
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current Assets	2,673	2,635
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	9,304	7,125
Investments accounted for using equity method	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	9,304	7,125
TOTAL ASSETS	11,977	9,760
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	11	6
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	11	6
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	11	6
NET ASSETS	11,966	9,754
EQUITY		
Retained earnings	7,445	7,490
Revaluation reserves	4,521	2,264
Other reserves	–	–
Council equity interest	11,966	9,754
Non-controlling equity interest	–	–
TOTAL EQUITY	11,966	9,754

Bogan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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	11
3	Sewerage Business Best-Practice Management disclosure requirements	13

Bogan Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies

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

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

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

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

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

National Competition Policy

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

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

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

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for disclosure requirements.

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

Declared business activities

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

Category 1

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

a. **Bogan Shire Council Combined Water Supplies**

Water supply operations servicing the town of Nyngan and the villages of Hermidale, Girilambone and Coolabah.

Category 2

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

b. **Bogan Shire Council Sewerage Service**

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

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 the NSW Office of Water (Department of Primary Industries) 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.

Bogan Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

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 \$549,000 of combined land values attracts 0%. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of 2.0% applies.

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

In accordance with the Department of Primary Industries Water (DPIW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

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

Income tax

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

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

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

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

Bogan Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

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.

(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.

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.38% at 30/6/17.

(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 2017 multiplied by \$30

Bogan Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements

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

2017

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	4,287
(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	42,870
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	85,600

2017 Surplus	(120,000)	2016 Surplus	257,600	2015 Surplus	(52,000)
		2016 Dividend	-	2015 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 water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	NO
(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

Bogan Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements (continued)

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

2017

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	2,211
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)]	%	56.86%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	25,602
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	2,037
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	1,076
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)]	%	-1.02%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	117

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

Bogan Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 3. Sewerage business
best-practice management disclosure requirements

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

2017

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	3,678
(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)	36,780
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	233,600

2017 Surplus	(45,000)	2016 Surplus	44,800	2015 Surplus	233,800
		2016 Dividend	-	2015 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? ^a	YES

3. Required outcomes for 4 criteria

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	NO
	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

Bogan Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2017

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	634
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	9,304
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	584
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	84
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	-1.20%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	2,845
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.63%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	1,160
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)]	%	-1.07%
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%

Bogan Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

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

2017

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

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-8.32%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		–
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(282)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	18

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statement
Bogan Shire Council

To the Councillors of Bogan Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Bogan Shire Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, 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
- Sewerage Business

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their 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 and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

The Councillors' Responsibility for the Financial Statements

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

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

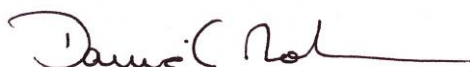
A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

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 statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



David Nolan
Director, Financial Audit Services

25 October 2017
SYDNEY

Bogan Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017



Comfortable Country Living

Bogan Shire Council

Special Schedules for the year ended 30 June 2017

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Special Schedules¹		
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Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

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.

Bogan Shire Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	912	214	300	(398)
Administration	690	7	–	(683)
Public order and safety				
Fire service levy, fire protection, emergency services	200	116	20	(64)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	146	5	–	(141)
Other	–	–	–	–
Total public order and safety	346	121	20	(205)
Health	134	57	636	559
Environment				
Noxious plants and insect/vermin control	115	22	–	(93)
Other environmental protection	317	10	–	(307)
Solid waste management	789	707	–	(82)
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	7	–	–	(7)
Total environment	1,228	739	–	(489)
Community services and education				
Administration and education	70	–	–	(70)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	4	7	–	3
Children's services	1,096	894	–	(202)
Total community services and education	1,170	901	–	(269)
Housing and community amenities				
Public cemeteries	61	53	–	(8)
Public conveniences	–	–	–	–
Street lighting	87	16	–	(71)
Town planning	18	43	–	25
Other community amenities	–	–	–	–
Total housing and community amenities	166	112	–	(54)
Water supplies	2,473	2,353	–	(120)
Sewerage services	749	705	–	(44)

Bogan Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	210	32	–	(178)
Museums	6	8	–	2
Art galleries	–	–	–	–
Community centres and halls	32	29	–	(3)
Performing arts venues	–	–	–	–
Other performing arts	13	–	–	(13)
Other cultural services	(3)	54	–	57
Sporting grounds and venues	62	48	40	26
Swimming pools	204	–	–	(204)
Parks and gardens (lakes)	712	–	–	(712)
Other sport and recreation	94	–	–	(94)
Total recreation and culture	1,330	171	40	(1,119)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	3	18	–	15
Other mining, manufacturing and construction	1,188	–	–	(1,188)
Total mining, manufacturing and const.	1,191	18	–	(1,173)
Transport and communication				
Urban roads (UR) – local	–	–	–	–
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	773	–	–	(773)
Sealed rural roads (SRR) – regional	2,423	2,356	–	(67)
Unsealed rural roads (URR) – local	2,084	2,494	–	410
Unsealed rural roads (URR) – regional	409	915	150	656
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	–	–	–	–
Footpaths	29	–	–	(29)
Aerodromes	86	–	–	(86)
Other transport and communication	930	181	38	(711)
Total transport and communication	6,734	5,946	188	(600)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	112	116	–	4
Total economic affairs	112	116	–	4
Totals – functions	17,235	11,460	1,184	(4,591)
General purpose revenues ⁽¹⁾		8,568		8,568
Share of interests – joint ventures and associates using the equity method	–	4		4
NET OPERATING RESULT ⁽²⁾	17,235	20,032	1,184	3,981

(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

Bogan Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	–	–	–							–	–
NSW Treasury Corporation	–	–	–	2,800	52	–	–	74	–	2,748	2,748
Other State Government	–	–	–							–	–
Public subscription	–	–	–							–	–
Financial institutions	–	–	–							–	–
Other	1	–	1	–	1	–	–	–	–	–	–
Total loans	1	–	1	2,800	53	–	–	74	–	2,748	2,748
Other long term debt											
Ratepayers advances	–	–	–							–	–
Government advances	–	–	–							–	–
Finance leases	–	–	–							–	–
Deferred payments	–	–	–							–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	1	–	1	2,800	53	–	–	74	–	2,748	2,748

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Bogan 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 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	167	133
b. Engineering and supervision	537	489
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	10	737
b. Maintenance expenses	–	1
– Mains		
c. Operation expenses	120	45
d. Maintenance expenses	66	60
– Reservoirs		
e. Operation expenses	102	79
f. Maintenance expenses	61	7
– Pumping stations		
g. Operation expenses (excluding energy costs)	13	–
h. Energy costs	67	53
i. Maintenance expenses	285	252
– Treatment		
j. Operation expenses (excluding chemical costs)	–	–
k. Chemical costs	133	78
l. Maintenance expenses	–	–
– Other		
m. Operation expenses	291	10
n. Maintenance expenses	104	78
o. Purchase of water	81	71
3. Depreciation expenses		
a. System assets	436	430
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	2,473	2,523

Bogan 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 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges		
a. Access (including rates)	752	753
b. Usage charges	991	1,091
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	–	–
8. Extra charges	1	–
9. Interest income	25	35
10. Other income	183	775
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	117	–
b. Grants for pensioner rebates	10	9
c. Other grants	134	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	140	228
13. Total income	2,353	2,891
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	(120)	368
15a. Operating result (less grants for acquisition of assets)	(237)	368

Bogan 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 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	89	90
b. New assets for growth	–	–
c. Renewals	987	355
d. Plant and equipment	–	–
17. Repayment of debt	–	–
18. Totals	1,076	445
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	1,047	1,050
b. Residential (unoccupied, ie. vacant lot)	161	121
c. Non-residential (occupied)	150	147
d. Non-residential (unoccupied, ie. vacant lot)	71	85
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 16,625	\$ 17,161

Bogan 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 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	629	–	629
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	71	–	71
c. User charges	429	–	429
d. Other	6	–	6
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	25,602	25,602
b. Plant and equipment	–	–	–
29. Other assets	1	–	1
30. Total assets	1,136	25,602	26,738
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	80	–	80
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	80	–	80
36. NET ASSETS COMMITTED	1,056	25,602	26,658
EQUITY			
37. Accumulated surplus			6,311
38. Asset revaluation reserve			20,347
39. Other reserves			–
40. TOTAL EQUITY			26,658
Note to system assets:			
41. Current replacement cost of system assets			35,215
42. Accumulated current cost depreciation of system assets			(9,613)
43. Written down current cost of system assets			25,602

Bogan 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 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	70	44
b. Engineering and supervision	281	256
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	72	76
b. Maintenance expenses	131	109
– Pumping stations		
c. Operation expenses (excluding energy costs)	14	19
d. Energy costs	8	10
e. Maintenance expenses	–	–
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	–
g. Chemical costs	5	15
h. Energy costs	–	–
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	–	–
– Other		
l. Operation expenses	–	1
m. Maintenance expenses	3	1
3. Depreciation expenses		
a. System assets	162	113
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	4	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	750	644

Bogan 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 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges (including rates)	444	444
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	176	186
8. Trade waste charges		
a. Annual fees	4	4
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	–
10. Interest income	71	64
11. Other income	2	2
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	8	8
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>705</u>	<u>708</u>
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	<u>(45)</u>	<u>64</u>
16a. Operating result (less grants for acquisition of assets)	(45)	64

Bogan 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 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	6	7
b. New assets for growth	–	–
c. Renewals	78	17
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	84	24
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	864	865
b. Residential (unoccupied, ie. vacant lot)	161	121
c. Non-residential (occupied)	130	126
d. Non-residential (unoccupied, ie. vacant lot)	71	85
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 14,700	\$ 15,148

Bogan 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 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,584	–	2,584
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	37	–	37
c. User charges	46	–	46
d. Other	6	–	6
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	9,304	9,304
b. Plant and equipment	–	–	–
30. Other assets	–	–	–
31. Total assets	<u>2,673</u>	<u>9,304</u>	<u>11,977</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	11	–	11
34. Borrowings	–	–	–
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
36. Total liabilities	<u>11</u>	<u>–</u>	<u>11</u>
37. NET ASSETS COMMITTED	<u>2,662</u>	<u>9,304</u>	<u>11,966</u>
EQUITY			
38. Accumulated surplus			7,445
39. Asset revaluation reserve			4,521
40. Other reserves			–
41. TOTAL EQUITY			<u>11,966</u>
Note to system assets:			
42. Current replacement cost of system assets			13,831
43. Accumulated current cost depreciation of system assets			(4,527)
44. Written down current cost of system assets			<u>9,304</u>

Bogan Shire Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2017

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Bogan Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'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	2016/17 Required maintenance ^a	2016/17 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	Governance	–	–	10	–	325	495		100%				0%
	Admin Buildings	–	259	50	77	169	1,129			100%			0%
	Public Order & Safety	–	632	5	5	303	355	92%		8%			0%
	Health	–	1,279	1	1	1,823	2,440	94%		6%			0%
	Environment	–	412	–	–	25	33		100%				0%
	Community Services & Education	–	–	20	26	1,384	1,705	71%		29%			0%
	Housing & Community Amenities	225	543	40	43	1,072	2,785	20%		75%	5%		0%
	Recreation & Culture	–	–	380	585	5,457	16,047	40%	36%	24%			0%
	Transport & Communication	–	32	5	7	1,086	2,277	20%		80%			0%
	Economic Affairs	–	–	5	52	125	133		10%	80%	10%		0%
	Water & Sewer	–	–	4	–	157	371		50%	50%			0%
	Other	–	–	–	–	–	–		100%				
		Sub-total	225	3,157	520	796	11,926	27,770	40.6%	23.4%	35.5%	0.5%	0.0%
Other structures	Other structures	–	–	67	67	2,781	3,787	5%	40%	55%			0%
	Sub-total	–	–	67	67	2,781	3,787	5.0%	40.0%	55.0%	0.0%	0.0%	

Bogan Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Roads	Town & Village Streets	–	27	498	498	6,674	8,982	40%	60%			0%
	Regional Road Pavement	100	332	–	–	11,699	11,652	98%	1%	1%		0%
	Regional Road Surface Sealed	250	–	299	299	1,388	3,101	37%	60%	3%		0%
	Regional Road Surface Unsealed	150	–	313	314	1,049	2,104	38%	56%	6%		0%
	Rural Road Pavement	100	277	–	–	16,762	19,108	99%	1%			0%
	Rural Road Surface Sealed	250	25	304	275	4,526	8,640	73%	26%	1%		0%
	Rural Road Surface Unsealed	900	648	1,271	1,224	10,282	17,868	38%	59%	3%		0%
	Bridges	–	–	–	–	9,640	11,784	100%				0%
	Culverts	379	8	–	–	13,667	16,447	98%	1%	1%		0%
	Footpaths	–	83	30	–	2,053	3,478	100%				0%
	Kerb & Gutter	5	–	40	–	1,484	2,817	99%		1%		0%
	Road Formation	–	–	–	–	65,095	65,095	100%				0%
	Other	25	15	–	–	645	–	26%	70%	4%		
	Sub-total	2,159	1,415	2,755	2,610	144,964	171,076	86.6%	12.7%	0.7%	0.0%	0.0%

Bogan Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Dams/Weirs	–	–	–	–	3,254	4,542	23%	62%	5%	10%	0%
	Mains	80	98	105	1,055	9,689	13,171	25%	57%	10%	8%	0%
	Reservoirs	–	–	–	15	2,815	4,017	33%	67%			0%
	Pumping Station/s	84	36	1,290	54	532	906	25%	42%	9%	24%	0%
	Treatment	995	883	164	651	3,248	6,515	12%	35%	31%	22%	0%
	Water Canals	180	70	738	145	6,064	6,064	100%				0%
	Sub-total	1,339	1,087	2,297	1,920	25,602	35,215	36.2%	44.5%	10.4%	9.0%	0.0%
Sewerage network	Mains	30	–	328	378	5,373	8,758	3%	7%	90%		0%
	Pumping Station/s	80	84	421	129	1,812	2,608	9%	86%	4%	1%	0%
	Treatment	117	20	15	79	2,119	2,465	67%	27%	5%	1%	0%
	Sub-total	227	104	764	586	9,304	13,831	15.5%	25.5%	58.6%	0.4%	0.0%
Stormwater drainage	Gate	35	35	–	–	21	54	100%				0%
	Open Drain	–	–	–	–	896	896	100%				0%
	Sign	–	–	–	–	3	10	100%				0%
	Pump Station	–	–	–	–	128	250	100%				0%
	Levee	–	–	76	76	6,027	6,027	100%				0%
	Sub-total	35	35	76	76	7,075	7,237	100.0%	0.0%	0.0%	0.0%	0.0%

Bogan Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
	TOTAL – ALL ASSETS	3,985	5,798	6,479	6,055	201,652	258,916	70.2%	18.9%	9.6%	1.3%	0.0%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Bogan Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Amounts	Indicator	Benchmark	Prior periods	
	2017	2017		2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	<u>2,111</u>	67.75%	>= 100%	69.84%	60.88%
Depreciation, amortisation and impairment	<u>3,116</u>				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>3,985</u>	1.98%	< 2.00%	2.71%	1.90%
Net carrying amount of infrastructure assets	<u>201,652</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>6,055</u>	0.93	> 1.00	0.86	2.75
Required asset maintenance	<u>6,479</u>				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>5,798</u>	2.24%		0.00%	
Gross replacement cost	<u>258,916</u>				

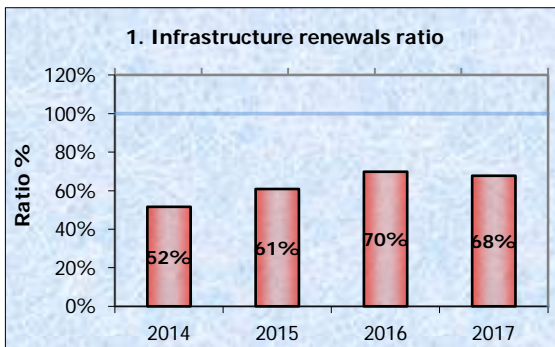
Notes

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

(1) 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.

Bogan Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2017



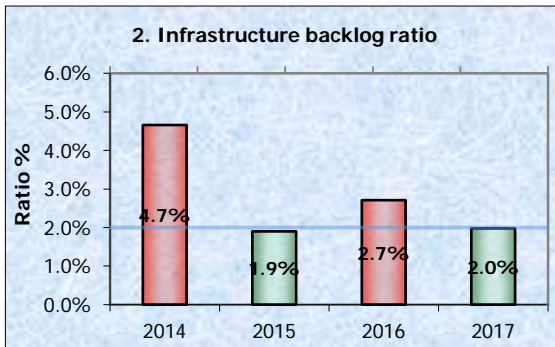
Purpose of asset renewals ratio

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

2016/17 Ratio 67.75%

Benchmark: ——— Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



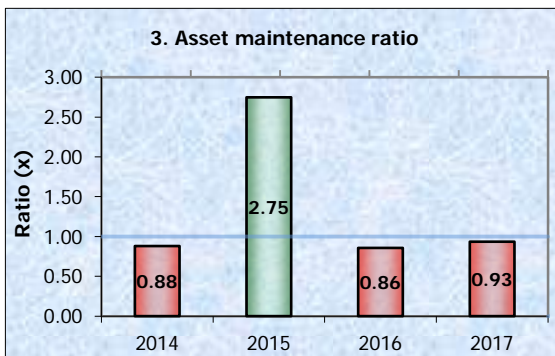
Purpose of infrastructure backlog ratio

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

2016/17 Ratio 1.98%

Benchmark: ——— Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



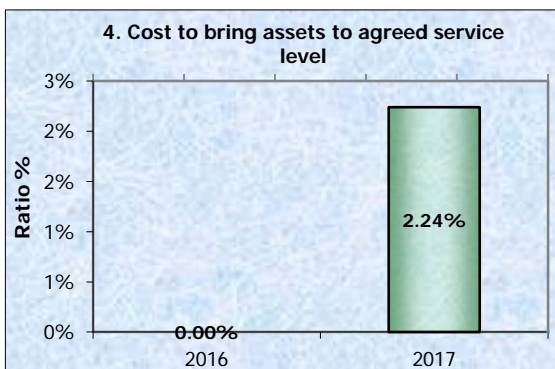
Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

2016/17 Ratio 0.93 x

Benchmark: ——— Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ 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.

2016/17 Ratio 2.24%

Bogan Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Benchmark	Water 2017	Sewer 2017	General ⁽¹⁾ 2017
Infrastructure asset performance indicators by fund				
1. Infrastructure renewals ratio				
<u>Asset renewals ⁽²⁾</u>	>= 100%	0.00%	0.00%	83.84%
Depreciation, amortisation and impairment	prior period:	82.56%	15.04%	70.17%
2. Infrastructure backlog ratio				
<u>Estimated cost to bring assets to a satisfactory standard</u>	< 2.00%	5.23%	2.44%	2.38%
Net carrying amount of infrastructure assets	prior period:	8.66%	2.58%	3.66%
3. Asset maintenance ratio				
<u>Actual asset maintenance</u>	> 1.00	0.84	0.77	1.04
Required asset maintenance	prior period:	1.04	1.10	0.82
4. Cost to bring assets to agreed service level				
<u>Estimated cost to bring assets to an agreed service level set by Council</u>		3.09%	0.75%	2.20%
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) 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.

Bogan Shire Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	2,714	2,766
Plus or minus adjustments ⁽²⁾	b	1	3
Notional general income	c = (a + b)	2,715	2,769
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	49	42
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	2,764	2,811
Plus (or minus) last year's carry forward total	l	3	1
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	3	1
Total permissible income	o = k + n	2,767	2,811
Less notional general income yield	p	2,766	2,808
Catch-up or (excess) result	q = o – p	1	3
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	1	3

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 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Bogan Shire Council

To the Councillors of Bogan Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Bogan Shire Council (the Council) for the year ending 30 June 2017.

In my opinion, Special Schedule No. 8 of Bogan Shire Council for 2017–18 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, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

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 Special Schedule No.8' section of my report.

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

- Australian Auditing Standards
- ethical requirements of the 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 notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 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 Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

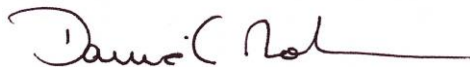
- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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 Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at 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 Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



David Nolan
Director, Financial Audit Services

25 October 2017
SYDNEY

Annexure Two Objectives and Performance



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Annexure Two

Objectives and Performance

2016/2017

1 - Building our Community

Goal - A connected and cohesive community with opportunities for all residents and visitors to fully participate in the social, cultural, recreational and educational activities which build a community.

1.1 Culture and Social

Outcome: Our community enjoys and actively participates in our rich culture, social environment and communal vibe.

Strategy 1.1.1

Continue to support and create opportunities for community festivals, events and cultural activities through planning, marketing, direct involvement and various forms of assistance.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide community events, activities and venues to celebrate Australia Day	C		Manager People and Culture
ii	Provide facilities and administrative support for the Nyngan Easter Challenge	PNI		Manager People and Culture
iii	Seek sponsorship and organise the Christmas Lights and Rural Mailbox Competitions	C		Manager People and Culture
iv	Provide facilities for the Nyngan Show, Ag Expo and Duck Creek and other community events at the Nyngan Showgrounds	PNI		Manager Engineering Services
v	Support a range of local community organisations and events.	PNI		Manager People and Culture
vi	Support and encourage the Arts, including through the Bogan Shire Council Arts Fund.	PNI		Manager People and Culture

Strategy 1.1.2				
Support all local communities, heritage and cultural groups to reconnect to, preserve and share our Shire's heritage and social history.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Continue to support the Nyngan Museum and Mid-State Shearing Shed Museum	PWI	Museum Coordinator resigned in March. No replacement as yet. Number of volunteers have been dwindling. Adverts placed in local paper.	Manager People and Culture
ii	Conduct citizenship ceremonies	PNI		General Manager
iii	Identification and preservation of Aboriginal heritage items	PNI		Manager People and Culture
Strategy 1.1.3				
Identify, respect and preserve sites and items of historical significance.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Maintain and preserve Council owned historic buildings	PNI		Manager Development & Environmental Services
ii	Investigate opportunities for grant funding for studies and preservation of our historic buildings	PNI		Manager Development & Environmental Services
Strategy 1.1.4				
Continue to support and promote attractions contributing to the cultural and economic development of the Shire.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Promote annual events calendar via website and council column (e.g. WSPA End of Year Concert, Deb Ball, ANZAC Day Events etc.)	PNI		Manager People and Culture
ii	Continue to promote the Nyngan Museum and Mid-State Shearing Shed Museum	PNI		Manager People and Culture
Strategy 1.1.5				
Develop and support volunteer groups to carry out functions and projects for the benefit of the community and the volunteer.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with volunteer groups to support their activities. (e.g. administrative support and assistance with grant applications)	PNI		Manager People and Culture
ii	Support National Tree Day	PNI		Manager Development & Environmental Services
iii	Produce and update the Community Directory - both the hard copy and on Council's website	PNI		Manager People and Culture

1.2 Community Facilities

Outcome: We have attractive and well managed community facilities that are regularly used and provide for valued recreational, sporting and cultural programs for our community and visitors.

Strategy 1.2.1

Maintain Nyngan Pool facilities to meet community expectations and relevant regulations.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor pool water, facilities and maintain to meet community expectations as well as regulated standards	PNI		Manager Development & Environmental Services

Strategy 1.2.2

Improve and upgrade Nyngan Pool to cater for a variety of users.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Review potential for wider usage of pool facilities outside existing user groups	PNI		Manager Development & Environmental Services

Strategy 1.2.3

Maintain and improve our parks, gardens and playgrounds to promote their use and enjoyment by the whole community and our visitors.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Initiate a Community Street Tree Planting Program	PNI		Manager Development & Environmental Services
ii	Construct pedestrian path connecting Rotary Park to town levee	PNI		Manager Engineering Services
iii	Consult with Nyngan Garden Club regularly to gather suggestions for garden improvements	PNI		Manager Development & Environmental Services
v	Continue to upgrade and enhance recreational spaces and facilities as funding permits	PNI		Manager Development & Environmental Services
vi	Management and maintenance of the cemetery in accordance with the Plan of Management	PNI		Manager Development & Environmental Services

Strategy 1.2.4
Maintain and improve our sports grounds and active recreational facilities to promote the good health and well-being of the community through the diversity of sport and recreation on offer.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Seek grant funding to improve and develop existing recreational buildings	PNI		Manager Development & Environmental Services
ii	Seek grant funding to improve and develop existing grounds and facilities	PNI		Manager Engineering Services
iii	Cemetery operations are carried out in an efficient and dignified manner by keeping accurate cemetery records and paying due respect to bereaved families	PNI		Manager Engineering Services
iv	Maintain smooth playing surfaces and full grass cover on all sports grounds through a planned watering and fertilising program	PNI		Manager Engineering Services
v	Develop a partnership with user groups to improve resourcing, maintenance, allocation and multi-use of recreational facilities	PNI		Manager Engineering Services
vi	Continue to seek partnership funding for installation of floodlights for Larkin Oval	PNI		Manager Engineering Services

Strategy 1.2.5
Provide well maintained community halls and other similar facilities for community use.

	Activities 2016/17	Status	Action Comments	Council Lead
ii	Seek grants to improve all Shire halls and community facilities	PNI		Manager Development & Environmental Services

Strategy 1.2.6
Provide well maintained Shire showground and equestrian facilities for community use.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Consult with Showground user groups on facility requirements and programming of events	PNI		General Manager
ii	Review General Maintenance program and procedures	PNI		Manager Engineering Services
iii	Maintain racecourse track drainage, landscape areas and buildings to acceptable standard	PNI		Manager Engineering Services

Strategy 1.2.7
Develop a plan of management for the Palais Theatre to support community activities.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Develop works program for renewal of seating and interior furnishings	NS	Program of works to be developed.	Manager Development & Environmental Services
ii	Seek grants for renovation of Palais Theatre	PNI	Unsuccessful to date.	Manager Development & Environmental Services

Strategy 1.2.8**Provide a youth centre that is maintained for recreational, educational and cultural activities.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with schools and community organisations to identify needs, opportunities and funding options for a dedicated youth centre	PNI		Manager People and Culture

1.3 Ageing and Disability Support**Outcome:** Older people and people with disabilities feel safe, secure, valued, included and are able to actively participate in community life.**Strategy 1.3.1****Create an environment and culture that allows the community to feel safe, empowered and included.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with the community, Police and Government agencies to understand issues and lobby Government to address them	PNI		Manager People and Culture

Strategy 1.3.2**Identify and monitor the social services needs of older people and people with disabilities in the community and provide infrastructure to support assisted and independent living and social interaction.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with the community and Government agencies to understand issues, such as community transport and lobby Government to address them	PNI		General Manager

Strategy 1.3.3**Promote a range of recreational, sporting and other opportunities for personal development, interaction and healthy lifestyle for older people and people with a disability through education, support networks and facilities.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with the community and Government agencies to understand issues and lobby Government to address them	PNI		Manager People and Culture
ii	Work with community organisations to develop a program of workshops and/or events in Seniors Week, depending on funding.	C		Manager People and Culture
iii	Sponsor and organise Senior Citizen of the Year Awards, Morning Tea and Concert in Seniors Week	C		Manager People and Culture

Strategy 1.3.4**Support Community Transport (volunteer driver scheme).**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with the community and Government agencies to understand issues and lobby Government to address them	PNI		General Manager

1.4 Children and Young People Support

Outcome: Children and young people are cared for, safe and are actively engaged with support and development opportunities to encourage them to reach their potential.

Strategy 1.4.1**Provide childcare facilities, preschools, after hours care and playgroups that meet the needs of the community.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Operate Bogan Shire Early Learning Centre	PNI		Manager People and Culture

Strategy 1.4.2**Continue to provide the Bush Mobile playgroup service.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Continue to provide the BBM playgroup sessions throughout the Shire	PNI		Manager People and Culture

Strategy 1.4.3**Improve the education, health, employment and economic development opportunities for young people.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with the community and Government agencies to understand issues and lobby Government to address them	PNI		General Manager

Strategy 1.4.4

Provide opportunities for young people to be actively engaged in the development, design and planning of programs, services and infrastructure in which they are a stakeholder or user group.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Incorporate consultation with young people into planning for Council programs, developments and events wherever possible	PNI		Manager People and Culture
ii	Provide facilities, equipment and administrative support to StormCo group of volunteers	NP	StormCo unable to attend Nyngan this year due to lack of volunteers.	Manager People and Culture
iii	Work with local schools and community groups to support youth events and activities as well as community education and awareness programs	PNI		Manager People and Culture
iv	Source funding for Youth Week activities and/or events	PNI		Manager People and Culture

1.5 Library

Outcome: Our library is used by all as a centre for information, learning and recreational reading.

Strategy 1.5.1

Focus on community needs in providing and promoting quality facilities and access to printed and online information and other resources.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide and promote a well maintained and accessible library service	PNI		Manager People and Culture
ii	Investigate ways to encourage greater numbers of both traditional and non-traditional library users	PNI		Manager People and Culture
iii	Continue to provide free Wi-Fi internet services	PNI		Manager People and Culture

Strategy 1.5.2

Maintain North Western Regional Library Service partnership.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Council to continue to carry out its obligations under the partnership agreement.	PNI		Manager People and Culture

1.6 Education

Outcome: Our community has access to quality education and learning opportunities at all levels to increase their skills especially in the areas we have a local skills deficit, to support the development of our community and increase their capacity to prosper and contribute to the community.

Strategy 1.6.1

Identify training and skill development needs and foster a mentoring program for distance education that includes our whole community.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Assist TAFE Western Connect to engage with the community to understand its needs and deliver appropriate training programs	PNI		General Manager

Strategy 1.6.2

Provide a range of high quality primary and secondary education and vocational training facilities and opportunities.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Support the schools in the Shire through website advertising of events and volunteer support	PNI		Manager People and Culture
ii	Work with the community and Government agencies to understand issues and lobby Government to address them	PNI		General Manager
iii	Provide scholarships to all schools at annual awards nights	PNI		General Manager

Strategy 1.6.3

Provide support and encouragement for local people to complete tertiary education and to work in Bogan Shire.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with the community and Government agencies to understand issues and lobby Government to address them	PNI		General Manager

2 - Connecting our Community

Goal - A transport network which enables efficient movement of people and freight ensuring the Shire's accessibility is maintained and all have access to a quality road network and public transport.

2.1 Road Networks

Outcome: Our well-constructed and maintained road network enables safe and efficient movement of people and freight throughout the Shire.

Strategy 2.1.1				
Adopt and implement the asset management plan for all shire roads.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Identify road priorities for asset renewal to implement Transport Asset Management Plan	PNI		Manager Engineering Services
Strategy 2.1.2				
Maintain State Roads on behalf of RMS.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Prepare bids for submission to Roads and Maritime Services for Ordered Works component of State Roads Maintenance Contract (RMCC) and undertake work as agreed	PNI		Manager Engineering Services
Strategy 2.1.3				
Maintain Shire Roads in accordance with standards expressed in our asset management plan and our annual maintenance program.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide road grading and gravel patching of unsealed road network based on priority parameters including condition assessment and traffic volumes	PNI		Manager Engineering Services
ii	Reseal and rehabilitate sealed local roads based on condition assessment and in accordance with the Asset Management capital renewal program	PNI		Manager Engineering Services

Strategy 2.1.4				
Design and construct new roads to support the needs of the community.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Construct and seal a section of bitumen road as identified according to Council's priorities.	PNI		Manager Engineering Services
Strategy 2.1.5				
Work with the RMS to ensure current standards of road safety are maintained and to assist in the education of the community.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Renew all bicycle lane marking and 'give way' holding lines in Nyngan and villages	PNI		Manager Engineering Services
ii	Construct pedestrian kerb ramps as identified in Pedestrian Access Mobility Plan subject to continuing RMS grant funding	PNI		Manager Engineering Services
iii	Update and implement Council Fleet Road Safety Policy specifying WH&S requirements	PNI		Manager Engineering Services
iv	Work with the Traffic Committee to develop and implement a Road Safety Strategy	PNI		Manager Engineering Services
Strategy 2.1.6				
Maintain supporting infrastructure such as parking, kerbs and gutters, signage and street lighting to current standards.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Implement footpath repairs identified through inspection for public liability risk reduction	PNI		Manager Engineering Services
ii	Inspect street lighting and report deficiencies to Essential Energy	PNI		Manager Engineering Services
iii	Clean and maintain pipe culvert and levee drainage system once per year	PNI		Manager Engineering Services
Strategy 2.1.7				
Encourage community feedback on road issues.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Conduct village and rural road tour with Councillors and meet with road users to resolve local issues	PNI		General Manager

2.2 Public Road Transport

Outcome: We have reliable, cost-effective and regular public road transport linking the Shire to Dubbo and beyond as well as in Nyngan itself, increasing mobility for people without their own transport and providing a more sustainable alternative.

Strategy 2.2.1

Identify gaps and opportunities and engage with stakeholders, including local bus operators to investigate options for improved public transport.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Talk to existing operators about issues and potential strategy to address these issues	PNI		General Manager

2.3 Active Transport

Outcome: Our network supports and encourages people to take up active travel such as walking and cycling to enhance their social and physical well-being.

Strategy 2.3.1

Engage with potential users, especially schools, to determine preferred bikeway routes.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Increase cyclists and drivers awareness of each other and the importance of obeying the road rules	NS	Conducted by Police Liaison Officer at schools	Manager Engineering Services
ii	Engage with schools to determine the preferred bikeway routes	NS	No alterations to routes at present	Manager Engineering Services

Strategy 2.3.2

Design and construct bikeways and footpaths incorporating tree shade cover.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Continue implementation of pedestrian access improvements	PNI		Manager Engineering Services
ii	Continue to improve the quality, number and length of walking and cycling paths, particularly to tourist sites	PNI		Manager Engineering Services

Strategy 2.3.3**Educate the community and promote use of active transport around Nyngan.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Develop an educational program in consultation with schools and other community groups	PNI		Manager Engineering Services

2.4 Air Services

Outcome: Our valuable airport assets are used to their full potential providing residents, workers and visitors with cost-effective, reliable and safe air services.

Strategy 2.4.1**Maintain airport facilities to meet required standards**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Twice yearly weed spraying on runway and taxi way	PNI		Manager Engineering Services
ii	Review existing buildings M&R program and budget	PNI		Manager Development & Environmental Services

Strategy 2.4.2**Engage with community and existing airport users to identify opportunities for improvement**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Implement a program to protect and maintain existing infrastructure assets to support the local economy.	PNI		Manager Engineering Services

Strategy 2.4.3**Advocate for the introduction of a regular commercial air service to Nyngan**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Continue to lobby state and federal agencies to improve public transport to Nyngan	PNI		General Manager

2.5 Rail Services

Outcome: Our rail connection provides a cost-effective and reliable alternative to other forms of transport for people and freight.

Strategy 2.5.1

Investigate opportunities for the reintroduction of regular passenger services between Dubbo and Nyngan/Bourke.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Assess potential for possible opportunities to reintroduce regular passenger services to Nyngan	NP	Not feasible in current market conditions	General Manager

3 – Managing Our Environment

Goal - To support the current and long-term liveability of our Shire by enhancing and protecting our environment through sound urban planning, managing our waste stream and sewerage services, and providing potable water supplies that are economically sustainable, reliable and environmentally responsible.

3.1 Built Environment

Outcome: The character, liveability and prosperity of our Shire are enhanced through sound urban planning processes and facilitation of developments in accordance with the Bogan Local Environmental Plan.

Strategy 3.1.1

Conduct periodic reviews of Council's planning instruments to ensure that land use planning supports the long term sustainability of our local communities and our economy.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor workability of LEP 2011 and DCP 2012	PNI		Manager Development & Environmental Services
iii	Endeavour to identify and purchase parcels of Crown Land that may be of value for development	PNI		Manager Development & Environmental Services

Strategy 3.1.2

Identify opportunities to expand the availability of a range of housing options based on lifestyle choices and affordability.

	Activities 2016/17	Status	Action Comments	Council Lead
ii	Work with the Community to develop a retirement complex in Nyngan.	PNI		Manager Development & Environmental Services

Strategy 3.1.3**Development complies with the Local Environmental Plan legislation formed through the Regional Land Use Study Project.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Ensure all future development compliance with LEP and DCP	PNI		Manager Development & Environmental Services
ii	Manage construction certificate process, Principal Certifying Authority process, building site service and management, and inspection and orders process	PNI		Manager Development & Environmental Services
iii	Respond to reforms in planning process and advocate on behalf of Council	PNI		Manager Development & Environmental Services
iv	Respond effectively to rezoning applications	PNI		Manager Development & Environmental Services

Strategy 3.1.4**Ensure our community's buildings are safe, healthy and maintained through regular inspections and compliance with the NSW Building Certification Scheme.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	All essential services measures to be inspected and certified	PWI	Lack of cooperation from property owners.	Manager Development & Environmental Services
ii	Develop an essential services measures program for council public buildings	PNI		Manager Development & Environmental Services
iv	Issue planning and building certificates including effective customer service	PNI		Manager Development & Environmental Services
v	Provide an effective development application, assessment and determination system including pre-lodgement service and effective customer service	PNI		Manager Development & Environmental Services
vi	Investigate concerns or complaints in relation to overgrown allotments and buildings in a state of disrepair	PWI	Lack of cooperation from property owners.	Manager Development & Environmental Services

Strategy 3.1.5**Develop and implement flood management plans for all urban flood plain areas.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Use Flood Management Study to determine heights for lots outside of levee bank	PNI		Manager Development & Environmental Services
ii	Maintain stormwater management infrastructure	PNI		Manager Engineering Services
iii	Review LEP and DCP for Flood Management	PNI		Manager Development & Environmental Services
iv	Develop, review and Implement flood risk studies and plans in accordance with NSW Government Guidelines	PNI		Manager Development & Environmental Services
v	Review construction requirements in flood prone areas	PNI		Manager Development & Environmental Services

3.2 Waste Management

Outcome: Our waste stream is effectively managed, reducing waste to landfill and maximising resource recovery through recycling.

Strategy 3.2.1

Provide efficient and cost effective kerbside collection of solid and recyclable waste.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor and review waste service volumes	PNI		Manager Development & Environmental Services
ii	Monitor all kerbside waste collection service	PNI		Manager Development & Environmental Services

Strategy 3.2.2

Operate the Nyngan Waste Depot to comply with standards and regulations, ensuring it is environmentally sound.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Develop new Waste Facility Operations Management Plan	PNI		Manager Development & Environmental Services
ii	Establish fire breaks to all waste facilities every 6 months	C		Manager Development & Environmental Services
iii	Monitor all deposited waste for separation procedures	PNI		Manager Development & Environmental Services

3.3 Natural Environment

Outcome: Our reserves and other public places are clean, litter-free and appropriately managed, preserving their valued use, biodiversity and visual amenity whilst protecting our environment from waste and litter pollution.

Strategy 3.3.1

Provide safe, high quality, well serviced and maintained reserves and recreational areas.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide litter and recycling bins at BBQ areas in Council parks.	PNI		Manager Development & Environmental Services
ii	Monitor and review playground upgrade program	PNI		Manager Development & Environmental Services
iii	Seek grant funding for improvement and/or expansion of all recreational areas	PNI		Manager Development & Environmental Services

Strategy 3.3.2				
Improve the amenity of the river corridor to enhance and increase utilisation for a range of recreational activities.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Support Nyngan Aboriginal Lands Council in the rehabilitation of a natural lagoon area immediately downstream of the recreation weir on the Bogan River	PNI		General Manager
ii	Investigate means of reducing litter in the river	PNI		Manager Development & Environmental Services
Strategy 3.3.3				
Provide a clean and pleasant streetscape, ensuring regular street sweeping and cleaning of public spaces.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Review existing Cleaning Program	PNI		Manager Engineering Services
ii	Review existing street bin containers and emptying procedures	PNI		Manager Development & Environmental Services
Strategy 3.3.4				
Implement programs which foster responsible and protective behaviours towards reducing waste and litter pollution.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Review existing methods of litter control	PNI		Manager Development & Environmental Services
ii	Seek community input to areas of concern of litter control	PNI		Manager Development & Environmental Services
iii	Conduct random litter control patrols to reduce the incidence of littering	PNI		Manager Development & Environmental Services
iv	Enforce breaches of environmental legislation	PNI		Manager Development & Environmental Services
v	Seek community input to waste control measures	PNI		Manager Development & Environmental Services
Strategy 3.3.5				
Protect, preserve and enhance Bogan Shire's natural environments, waterways, flora and fauna through responsible development and management.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Review DA Consent Conditions: Environmental Protection	PNI		Manager Development & Environmental Services
ii	Enforce all development to comply with conditions of DA Consents	PNI		Manager Development & Environmental Services
iii	Support the Central West Local Land Services Catchment Action Plan and the State Plan	PNI		Manager Development & Environmental Services
iv	Undertake regular patrols and respond to community requests for enforcement of use restrictions on public reserves	PNI		Manager Development & Environmental Services

3.4 Noxious Weeds

Outcome: Our local environment is protected from noxious weeds through inspection and control measures in compliance with the Noxious Weeds Act.

Strategy 3.4.1

Meet Council's obligations under the Noxious Weeds Act 1993 in respect of maintenance of noxious weeds including density and distribution.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Council to meet Noxious Weeds Control obligations	PNI		Manager Development & Environmental Services
ii	Operations are in accordance with Regional Weed Control Plans	PNI		Manager Development & Environmental Services

Strategy 3.4.2

Ensure Council operations are in accordance with endorsed Regional Weed Control Plans.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor and review Regional Weed Control Plans	PNI		Manager Development & Environmental Services
ii	Review existing weed management program on public lands	PNI		Manager Development & Environmental Services

Strategy 3.4.3

Implement the Shire's weed-specific Control Plans for targeted noxious weeds.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Conduct private property inspections under the noxious weed program	PNI		Manager Development & Environmental Services

3.5 Water

Outcome: We have access to a secure water supply that is well-managed to provide us with a reliable, safe and cost effective service.

Strategy 3.5.1

Provide a financially viable, efficient, permanent potable water supply that has sufficient capacity for current and projected growth requirements.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Examine options for replacement of existing Water Treatment Plant and report to Council	PNI		Manager Engineering Services
ii	Continue implementation of the Strategic Business Plan for Water	PNI		Manager Engineering Services
iii	Take samples of and analyse potable water supplies	PNI		Manager Engineering Services

Strategy 3.5.2

Implement an ongoing program of capital works improvements and enhancements and asset management to ensure the responsible management of water supply to the area and surrounding villages.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide planning, investigation design and management of water management facilities	PNI		Manager Engineering Services
ii	Maintain water supply infrastructure to relevant Department of Health and Department of Primary Industries (NSW Office of Water) Standards, and in accordance with sustainability	PNI		Manager Engineering Services
iii	Renew capital assets under the Asset Management Plan	PNI		Manager Engineering Services

Strategy 3.5.3

Enhance the security of our water supply, ensuring long term drought management plans are developed and water losses are minimised through involvement in the Lower Macquarie Water Utilities Alliance.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Continue active involvement in Lower Macquarie Water User Alliance	PNI		Manager Engineering Services
ii	Develop regional Water Quality Improvement Plans	PNI		Manager Engineering Services
iii	Continue community education on water conservation practices	PNI		Manager Engineering Services
iv	Commence construction of infrastructure to ensure security of Nyngan's water supply, subject to government funding.	PNI		Manager Engineering Services

3.6 Sewerage

Outcome: We have a reliable, safe and cost effective sewerage service.

Strategy 3.6.1

Provide a financially viable and efficient sewerage system that has sufficient capacity for current and projected growth requirements.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor and review operational costs to improve efficiency of system	PNI		Manager Engineering Services

Strategy 3.6.2

Implement an ongoing program of capital works improvements and enhancements and asset management to ensure the responsible management of waste water in Nyngan.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Renew capital assets under the Asset Management Plan	PNI		Manager Engineering Services
ii	Make preparations for the development of a database of all sewage management systems within the Local Government Area.	PNI		Manager Engineering Services

Strategy 3.6.3

Ensure our compliance with the EPA license by regularly testing the waste water for treated effluent re-use and disposal.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Engage consultants for monitoring and reporting on Effluent Quality for license reporting	PNI		Manager Engineering Services

Strategy 3.6.4

Ensure management of liquid trade waste through comprehensive licensing practices and a charging structure that reflects costs of treatment.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Continue implementation of Trade Waste Policy	PNI		Manager Engineering Services

4 - Our Health and Safety

Goal - Enhance the health and safety of our community through provision of effective essential services, programs and ensuring equitable access for all to these services.

4.1 Environmental Health

Outcome: The health, safety and well-being of residents, workers and visitors is protected by providing effective licensing and regulatory services for commercial premises, essential services and animal management.

Strategy 4.1.1				
Ensure compliance with Local Liquor Accord strategies to maximise public health and safety.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide information regarding new Liquor License applications, and make submissions on new applications to the State Government as required	PNI		Manager Development & Environmental Services
ii	Provide advisory services to the Liquor Accord and assist in programs to encourage alternative transport options and responsible service of alcohol programs	PNI		Manager Development & Environmental Services
Strategy 4.1.2				
Conduct bi-annual inspections of food preparation businesses to ensure compliance with Safe Foods Standards.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor and review food premises register	PNI		Manager Development & Environmental Services
ii	Undertake annual food premises Inspections to ensure food handlers compliance with standards	PNI		Manager Development & Environmental Services

Strategy 4.1.3
Conduct annual inspections of commercial premises to ensure compliance of the Building Code of Australia.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor and review essential service register	PWI	Lack of cooperation from property owners.	Manager Development & Environmental Services
ii	Implement measures to encourage owners to comply with the provisions of the BCA	PWI	Lack of cooperation from property owners.	Manager Development & Environmental Services

Strategy 4.1.4
Continue ongoing management and control of companion animals and ensure owner compliance with NSW Companion Animals Act 1998

	Activities 2016/17	Status	Action Comments	Council Lead
i	Improve public awareness of companion animal control including lifetime registration.	PNI		Manager Development & Environmental Services
ii	Carry out enforcement activities relating to dog control measures	PWI	Resistance from companion animal owners	Manager Development & Environmental Services
iii	Data entry of lifetime registrations and fee reconciliation	PNI		Manager Development & Environmental Services

4.2 Disaster Management

Outcome: We have the capability in place to plan, organise and implement measures to respond to and recover from disasters.

Strategy 4.2.1
Continue to liaise with the Local Emergency Management Committee to ensure appropriate response plans are in place.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor and review of Disaster and Emergency Management Strategy	PNI		General Manager
ii	Continue to fulfil Council's statutory obligations relevant to the LEMC	PNI		General Manager

Strategy 4.2.2

The Local Emergency Management Committee and local State Emergency Services are adequately resourced to ensure they are equipped, trained and prepared to respond to disasters and incidents.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide a support role to the LEMC/SES	PNI		Manager Engineering Services
ii	Develop, distribute , communicate and review Flood Risk information and tools in partnership with SES	PNI		Manager Engineering Services
iii	Support volunteer agencies as required during a disaster event	PNI		Manager Engineering Services
iv	Review Community Emergency Flood Response Plans biennially	PNI		Manager Engineering Services

Strategy 4.2.3

Regularly maintain the pumps and the levee bank surrounding Nyngan to ensure the township remains safe and secure during adverse weather conditions and potential influx of floodwaters.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Amend maintenance procedures for floodgate outlets into the Bogan River and include in the levee maintenance manual	PNI		Manager Engineering Services
ii	Grass and debris to be cleared from flood gates annually	PNI		Manager Engineering Services

4.3 Public Health

Outcome: Our community has access to the medical services and facilities it needs to enhance and protect our health.

Strategy 4.3.1

Work with the community and the State Government to ensure medical, dental, specialist, mental health and allied health services and facilities meet the needs of residents and visitors.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work closely with community groups to lobby on behalf of the community	PNI		General Manager
ii	Liaise with Western LHD to resolve relevant issues	PWI	Ongoing discussions concerning VMO contract.	General Manager
iii	Review incentives to attract and retain medical professionals in Nyngan	PNI		General Manager

Strategy 4.3.2
Provide an appropriate level of ambulance services for the community.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Monitor availability of a 24 hour Ambulance Service for the Shire	PNI		General Manager

Strategy 4.3.3
Work with the community, volunteer organisations and the State Government on programs that promote health and wellbeing.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Review and update the Smoke Free Outdoor Areas Policy as required	PNI		General Manager

4.4 Fire Services

Outcome: Our fire services provide effective and efficient services to the community to protect property and the safety of our community.

Strategy 4.4.1
People and property located within the town and villages are protected from fire related incidents.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Support the activities of Fire and Rescue NSW and RFS and lobby in response to community issues and concerns	PNI		Manager Development & Environmental Services

Strategy 4.4.2
People and property located within rural areas are protected from fire related incidents.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Support the activities of RFS and lobby in response to community issues and concerns	PNI		Manager Development & Environmental Services
ii	Implement BCA and AS 3959 provisions to new DA Consents	PNI		Manager Development & Environmental Services
iii	Implement hazard reduction program for villages and rural properties	C		Manager Development & Environmental Services

4.5 Policing

Outcome: Our police services provide effective and efficient services to the community to protect property and the safety of our community.

Strategy 4.5.1				
Provide an appropriate level of police services for the community.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Lobby NSW Police for appropriate numbers in response to community concerns	PNI		General Manager
ii	Support by agreement with NSW Police the recruitment of Police through provision of housing at market rental	PNI		General Manager
Strategy 4.5.2				
Lobby NSW Police for increased policing and community safety initiatives.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Lobby on behalf of the community	PNI		General Manager
Strategy 4.5.3				
Improve community safety and maintain low crime levels.				
	Activities 2016/17	Status	Action Comments	Council Lead
i	Participate in Community Safety Precinct meetings to discuss and address any issues	PNI		General Manager

5 - Developing our Economy

Goal - Stimulate and maintain economic growth to build a strong local economy, supporting the development of local businesses and attracting people to the Shire.

5.1 Local Industries and Business

Outcome: Local industries, including tourism, and the business that support them continue to grow and prosper.

Strategy 5.1.1

Undertake an assessment of our local business and industry, in particular the retail industry, to identify gaps and develop initiatives to actively encourage the establishment of sustainable economic growth and local employment opportunities.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with local businesses to identify issues	PNI		Manager People and Culture
ii	Maintain and develop relationship with Regional Development Australia (RDA) Orana	PNI		Manager People and Culture
iii	Industrial lots to be developed as demand presents, connecting to utility services and construction of kerb and gutter	PNI		Manager Engineering Services

Strategy 5.1.2

Create and maintain a diverse commercial sector that is sustainable, vibrant, located in safe, well designed and visually appealing premises and which meets the needs of our community and visitors.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Work with local business community to ensure appropriate standards are maintained	PNI		Manager Development & Environmental Services

Strategy 5.1.3

Support agricultural businesses so that they have the capacity to be a significant contributor to the local, regional and national economy.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Lobby in response to community concerns	PNI		General Manager

Strategy 5.1.4
Work in conjunction with mining companies to obtain mutual benefit from an abundance of natural mining resources which provide our shire with opportunities for local economic growth and employment.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Develop relationships with mining companies to explore opportunities for mutual benefit	PNI		General Manager

Strategy 5.1.5
Support and strengthen local business networks to encourage the sharing of information and resources to build the capacity of local business and industry.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Produce and update the Business Directory on council's website	PNI		Manager People and Culture
ii	Council to continue shopping locally for services and products where appropriate	PNI		General Manager

Strategy 5.1.6
Investigate opportunities to support the township of Nyngan and villages of Girilambone, Coolabah and Hermidale.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Produce and update the Bogan Shire Prospectus	PNI		Manager People and Culture
ii	Meet with village communities to discuss and understand issues relating to the maintenance and servicing of town and village facilities	PNI		General Manager

Strategy 5.1.7
Liaise with Government Agency employers to encourage the provision of incentives for attraction and retention of essential service workers to relocate to Nyngan.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Identify requirements and discuss options with Government Agencies	PNI		General Manager

5.2 Tourism

Outcome: Bogan Shire is regarded as a welcoming and attractive place for people to visit, providing services, cultural experiences and recreational opportunities for our visitors.

Strategy 5.2.1

Adopt and implement a streetscape master plan.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Carry out improvements in line with the plan	PNI		Manager Development & Environmental Services
ii	Enhance the first impressions tourists and newcomers have of Nyngan and the villages by: <ul style="list-style-type: none"> → Planting trees at town and village entrances, along main access routes, in the town centres and in parks → Improving signage for Shire entry points showing destinations, accommodation etc. → Upgrading shop fronts → Identifying locations for rest areas along Shire roads → Improving facilities at the long-haul bus stop (specifically the area behind the St Vincent de Paul shop as it is the main thoroughfare to the Davidson Park toilets) 	PNI		Manager Engineering Services

Strategy 5.2.2

Develop and implement a visitor strategy which includes the identification of potential opportunities for growth and new tourism products through consultation with stakeholders.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Continue to update, produce and distribute the Official Tourist Guide to local businesses and VICs in neighbouring shires	PNI		Manager People and Culture
ii	Continue to advertise Nyngan and Bogan Shire (in print media and on appropriate websites)	PNI		Manager People and Culture
lii	Identify new tourism opportunities and initiatives	PNI		Manager People and Culture
iv	Encourage the development of quality Indigenous tourism business	PNI		Manager People and Culture

Strategy 5.2.3**Provide and maintain a quality Visitor Information Centre which encourages and supports growth across many sectors of the local economy.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Maintain accreditation for new Visitor Information Centre at Nyngan Museum	PNI		Manager People and Culture
ii	Investigate opportunities to distribute tourism information throughout the Shire	PNI		Manager People and Culture

5.3 Communications

Outcome: The community has access to the latest communications infrastructure and technology to facilitate communications for learning, business and providing services to our community.

Strategy 5.3.1**Maximise the coverage and availability of telecommunications infrastructure across the shire.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Lobby service providers on behalf of the community	PNI		General Manager

Strategy 5.3.2**Provide appropriate communications infrastructure and services including lobbying for early inclusion into the National Broadband Network.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Support NBN Company with their program of local installations as required	PNI		General Manager

6 - Responsible Local Government

Goal - Local Government which is open and transparent in delivering responsive services to the community in an efficient, effective and ethical way using sound business practices.

6.1 Leadership, Advocacy and Governance

Outcome: Bogan Shire council will deliver open, transparent and effective local government, lobbying on behalf of the community and working in partnership with regional bodies.

Strategy 6.1.1

Facilitate meaningful engagement and consultation with the community and other stakeholders to progress the outcomes of the Community Strategic Plan.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Maintain a community consultation database (from CSP implementation)	PNI		Manager People and Culture
ii	Undertake community engagement regarding major Council plans and projects	PNI		General Manager
iii	Hold a Community Strategic Plan forum	PNI		General Manager
iv	As part of (iii) above, engage the community in a process to determine support for a special rate variation to fund asset renewals with a view to making application for a special rate variation in 2017/18.	NS	Awaiting finalisation of new long term financial plan and maturity of asset management planning process.	General Manager

Strategy 6.1.2

Provide accountability to the community by regularly reporting on Council activities through the publication of business papers, meeting minutes and general information.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Provide accurate and timely meeting agendas and minutes	PNI		General Manager
ii	Proactively release appropriate Council information e.g. Council Business Paper and Minutes through the website and council column	PNI		General Manager

Strategy 6.1.3
Promote accountability to the community by timely completion and publication of statutory reports.

Activities 2016/17		Status	Action Comments	Council Lead
i	Complete Annual Report	NS	Will be completed in October 2017	Finance Manager
ii	Complete statutory financial accounts	NS	Will be completed in September 2017	Finance Manager
iii	Produce Council's quarterly reports, delivery program and budget and operational plans	PNI		Finance Manager

Strategy 6.1.4
Represent the interests of the community through local Councillors.

Activities 2016/17		Status	Action Comments	Council Lead
i	Hold regular Council meetings	PNI		General Manager

Strategy 6.1.5
Maintain effective partnerships through regional and industry bodies to collaborate on matters of mutual interest and lobby collectively on behalf of the community.

Activities 2016/17		Status	Action Comments	Council Lead
i	Maintain partnerships with OROC, LMWUA	PNI		General Manager
ii	Undertake lobbying as appropriate	PNI		General Manager
iii	Continue contracting alliance with RMS	PNI		General Manager

6.2 Managing our Business

Outcome: Our business is resourced with a competent and motivated workforce and is effectively managed through sound procedures and financial practices to enable us to build and deliver community services and infrastructure both now and into the future.

Strategy 6.2.1
Develop and implement our Operational Plan and Budget so as to manage our financial resources responsibly.

Activities 2016/17		Status	Action Comments	Council Lead
i	Provide draft Operational Plan and Budget to Council within agreed timeframes.	PNI		Finance Manager
ii	Provide management accounting services including the implementation and management of a financial reporting system that draws information from Authority.	PNI		Finance Manager
iii	Develop and manage Council's long term financial strategy	PNI		Finance Manager
iv	Effectively manage Council's financial resources	PNI		Finance Manager

Strategy 6.2.2**Maximise revenue opportunities, such as grants for achievable projects**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Coordinate grant opportunities across council	PNI		Manager People and Culture
ii	Establish and maintain a schedule of rental properties to ensure all leases are current and well managed.	PNI		Manager Development & Environmental Services
iii	Manage prudent investment of Council's funds	PNI		Finance Manager
iv	Review internal charges to the Water, Sewer and Waste Funds	COM		Finance Manager

Strategy 6.2.3**Manage the recovery of all revenues raised by Council through efficient and systematic debt recovery policies.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Collect rates effectively and efficiently to improve the collection rate	PNI		Finance Manager

Strategy 6.2.4**Conduct regular reviews of policies, reporting systems and plans including asset management and risk management plans to confirm that they are fit for purpose.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Review existing Council Policies and progressively update them	PNI		General Manager
ii	Implement approved Asset Management Plan	PNI		Manager Engineering Services
iii	Review Asset Management Plan and amend as necessary	PNI		Manager Engineering Services
iv	Implement procurement guidelines and procedures	COM		Finance Manager
v	Maintain Council's corporate registers (e.g. policy, pecuniary interests and delegations register)	PNI		General Manager

Strategy 6.2.5**Conduct regular review of systems and processes to improve the effectiveness of risk management, control and governance processes.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Review Staff Induction process	PNI		General Manager
ii	Implement recommendations identified in annual safety audits	PNI		General Manager
iii	Develop an IT Disaster Recovery Plan	PNI		Finance Manager

Strategy 6.2.6

Develop and implement workforce plans to develop and retain a skilled and motivated workforce including aspects such as organisational structure, training plans, performance appraisals and salary systems.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Maintain current position descriptions	PNI		Manager People and Culture
ii	Ensure that Council's values are incorporated into our initiatives and activities	PNI		Manager People and Culture
iii	Develop, implement and review Council's HR guidelines	PNI		Manager People and Culture
iv	Review Employee Development Plan process	PNI		Manager People and Culture
v	Maintain the number of apprenticeships and traineeships across the organisation	PNI		Manager People and Culture
vi	Develop and implement annual training plans	PNI		Manager People and Culture
vii	Manage Council's recruitment process and procedures	PNI		Manager People and Culture
viii	Manage educational assistance program	PNI		Manager People and Culture
ix	Conduct staff Induction and familiarisation programs	PNI		Manager People and Culture r
x	Manage Council's payroll and leave administration function.	PNI		Manager People and Culture
xi	Manage and promote awareness and effective use of the Employee Assistance Program.	PNI		Manager People and Culture
xii	Develop an ageing workforce strategy	PNI		Manager People and Culture
xiii	Develop and implement Recruitment and Retention Strategy	PNI		Manager People and Culture

Strategy 6.2.7

Promote a culture of customer service, including supporting processes, to deliver high quality services to the community.

	Activities 2016/17	Status	Action Comments	Council Lead
i	Council to provide information packs to new rate payers and residents	PNI		Finance Manager
ii	Develop customer service charter	PNI		Finance Manager
iii	Investigate improvements for the tracking and reporting of customer service requests and complaints	COM		Finance Manager

Strategy 6.2.8**Identify, characterise and assess all potential risks to Workplace Health and Safety and public liability.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Adequate insurance coverage provided and reviewed annually	PNI		Finance Manager
ii	Ensure all managers understand their responsibilities in managing risk modify job descriptions and KPI's where appropriate.	PNI		General Manager
iii	Ongoing compliance with Council's statutory obligations and to properly discharge Council's common law duty of care to the community when managing risks	PNI		General Manager
iv	Review and implement Council's WH&S plan and systems	PNI		Manager People and Culture

Strategy 6.2.9**Adequately resource our IT and communications systems consistent with industry standards and technological development.**

	Activities 2016/17	Status	Action Comments	Council Lead
i	Ensure the IT resource plan reflects requirements	PNI		Finance Manager
ii	Manage Council's IT network and infrastructure	PNI		Finance Manager
iii	Manage and maintain a Records Management System that meets the needs of the organisation, the community and legislative requirements	PNI		Finance Manager
iv	Maintain an up to date Council website	PNI		Finance Manager

Annexure Three State of the Environment Report



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State of the Environment Snapshot

A State of the Environment (SoE) Report is an important management tool which aims to provide the community and Local Council with information on the condition of the environment in the local area to assist in decision-making.

Since 2007, the Councils of the Greater Central West Region of NSW (see map) have joined to produce Regional SoE Reports as part of Council reporting requirements.

Changes to NSW legislation mean that Councils are no longer required to produce SoE Reports each year, but only once every four years, in the year of the Council election.

However, the participating Councils have decided to continue reporting on an annual basis so that they can provide a detailed Regional SoE report that covers trends in the intervening years.

This is a brief snapshot of data for the Bogan Local Government Area in 2016-17 across a range of environmental indicators as shown in the tables below. The tables provide an understanding of trends by comparing this year's data with an average of previous years. The Council snapshot report should be read in conjunction with the 2016-17 Regional SoE report.

2016-17 Highlights

- ↑ There were no drinking water complaints to Council in 2016-17.
- ↓ The average annual water consumption in 2016-17 dropped from last year, but was slightly greater than the average of the past three years.
- ↑ There was a large increase in organics collected compared with last year.
- ↓ In 2016-17, the average waste generated per person rose to its greatest amount in the past four years.
- ↑ There were no water pollution complaints received by Council in 2016-17.

Land

Issue	Indicator	2013-14	2014-15	2015-16	2016-17	Trend
Contamination	Contaminated land sites - Contaminated Land Register (Number)	0	0	0	0	→
	Contaminated land sites - potentially contaminated sites (Number)	15	15	15	15	→
	Contaminated sites rehabilitated (Number)	1	0	0	0	↓
Erosion	Erosion affected land rehabilitated (ha)		0	0	0	→
Land use planning and management	Number of development consents and building approvals		22	39	33	↓
	Landuse conflict complaints (Number)	3	0	1	0	↑
	Loss of primary agricultural land through rezoning (ha)	0	0	0	0	→
Minerals & Petroleum	Number of mining and exploration titles	75	57	55	56	↑
	Area covered by mining and exploration titles (ha)	743,000		400,000	444,000	↑

↑ improvement → no or little change ↓ worsening trend

Note - the trend is based on comparing the average of the previous three years of reporting with 2015-16

Biodiversity

Issue	Indicator	2013-14	2014-15	2015-16	2016-17	Trend
Habitat Loss	Total Area in the National Parks Estate (ha)		4,774	4,772	4,816	→
	Total Area of State Forests (ha)		33,757	30,498	34,084	↑
	Total Area Protected in Wildlife Refuges (ha)	0	0	0	0	→
	Area protected in conservation reserves & under voluntary conservation agreements (ha)	1,036	1,036	1,036	1,036	→
	Extent of Traveling Stock Reserves in LGA (ha)			20,123	30,513	↑
	Proportion of Council reserves that is bushland/remnant vegetation	13%	13%	13%	13%	→
	Habitat areas revegetated (ha)	2	0	0	1	↓
	Roadside vegetation management plan	Yes	Yes	Yes	Yes	→
Threatened Species	Roadside vegetation rehabilitated (ha)		1	2	0.5	↓
	Threatened species actions implemented (e.g. PAS, recovery plans) (Number)		0	0	0	→
Noxious weeds and feral animals	Fish restocking activities: native species (Number)	15,150	5,000	5,000	0	↓
	Fish restocking activities: non-native species (Number)	0	0	0	0	→
	Number of declared noxious weeds	100	106	106	91	↓
	Invasive species (listed noxious or WONS) under active management (Number)	10	3	0	3	↓

Towards Sustainability

Issue	Indicator	2013-14	2014-15	2015-16	2016-17	Trend
Waste Generation	Total waste entombed at primary landfill (tonnes)	843	904	985	895	↑
	Total waste entombed at other landfills (exc recyclables) (tonnes)	0	0	0	210	↓
	Average total waste generated per person (tonnes)	0.28	0.29	0.32	0.40	↓
	Average cost of waste service per residential household	\$272	\$297	\$301	\$343	↓
Hazardous/Liquid Waste	DrumMuster collections (number of drums)	0	0	1,424	0	↓
	Household Hazardous Wastes collected (kg)	0	0	0	0	→
Reduce	Organics collected (diverted from landfill) (tonnes)	0	0	2	65	↑
	E-Waste collected (diverted from landfill) (tonnes)	0	0	0	0	→
Recycle	Volume of material recycled (tonnes)	138	167	165	127	↓
	Volume of material recycled per person (kg)	45	54	54	46	↓
Littering and illegal dumping	Number of illegal waste disposal complaints to Council	0	0	0	4	↓
Engineering, Infrastructure and Civil Works	New road construction (km)	0	0.23	3	3	↓
	Road upgrades (km)	64	25	42	24	↑
Risk Management	Flood management plans/ flood mapping - increase in area covered (ha)	0	600	0	0	↓
	Hazard reduction burns (Number)	0	0	0	0	→
Climate Change Mitigation	Office paper used by Council (A4 & A3 reams)	820	670	850	780	→
	Council sustainability initiatives (Number)		1	1	1	→
	Council mitigation initiatives (Number)		2	1	2	↑
Council Greenhouse Gas Emissions	Annual electricity consumption for Council controlled facilities MWh	490	1,024	996	1,173	↓
	Annual natural gas consumption for Council controlled facilities (Gj)		0	0	0	→
	Total fuel consumption (KL)	334	288	337	348	↓
	Proportion of Council's electrical energy demand met from council-owned renewable energy infrastructure		0.0%	0.0%	0.0%	→
	Council total operational greenhouse gas emissions (tCO ₂ -e/year)	2,552	2,963	2,810	3,121	↓
Community Greenhouse Gas Emissions	Small scale renewable energy uptake (kW installed) Data collected 30 July 2017	178	108	116	72	↓
	Number of solar water heaters and heat pumps installed	11	4	3	0	↓

Water and Waterways

Issue	Indicator	2013-14	2014-15	2015-16	2016-17	Trend
Surface & Ground Water Quality	Average salinity levels in selected streams (EC)	449	306	371	359	↑
Riparian	Riparian vegetation recovery actions (Number)		0	0	0	→
	Riparian vegetation recovery area (ha)		0	0	0	→
Industrial/ Agricultural Pollution	Load Based Licencing Volume (kg)			0	0	→
	Exceedances of license discharge consent recorded (Number)		0	0	0	→
	Erosion & Sediment Control complaints received by Council (Number)	11	7	0	0	↑
Stormwater Pollution	Number of gross pollutant traps installed	0	0	0	0	→
	Total catchment area of GPTs (ha)		0	0	0	→
	Water pollution complaints (Number)	0	1	2	0	↓
Town Water Quality	Number of instances drinking water guidelines not met	13	128	0	0	↑
	Number of drinking water complaints	0	3	2	0	↑
Water extraction	Number of Water Supply Work Approvals from surface water sources	101	99	87	100	↓
	Volume of surface water permissible for extraction under licences (GL)	15	13	14	16	↓
	Number of Water Supply Work Approvals from groundwater resources	156	162	162	163	↓
	Volume of groundwater permissible for extraction under licences (GL)	2.6	0.39	0.39	0.39	→
	Actual volume extracted through groundwater licences (GL)		0	0		
Council water consumption	Area of irrigated Council managed parks, sportsgrounds, public open space (ha)	52	52	52	54	↓
	Water used by Council for irrigation (including treated and untreated) ML			0	0	→
Town water consumption	Annual metered supply (ML)		0	0	0	→
	Annual consumption (Total from WTP) (ML)	541	681	742	656	↓
	Average annual household mains potable water usage (kL)			0.0	0.0	→
	Average level of water restrictions implemented	0.0	0.0	0.0	0.0	→
	Water conservation programs (Number)	0	0	0	0	→

People and Communities

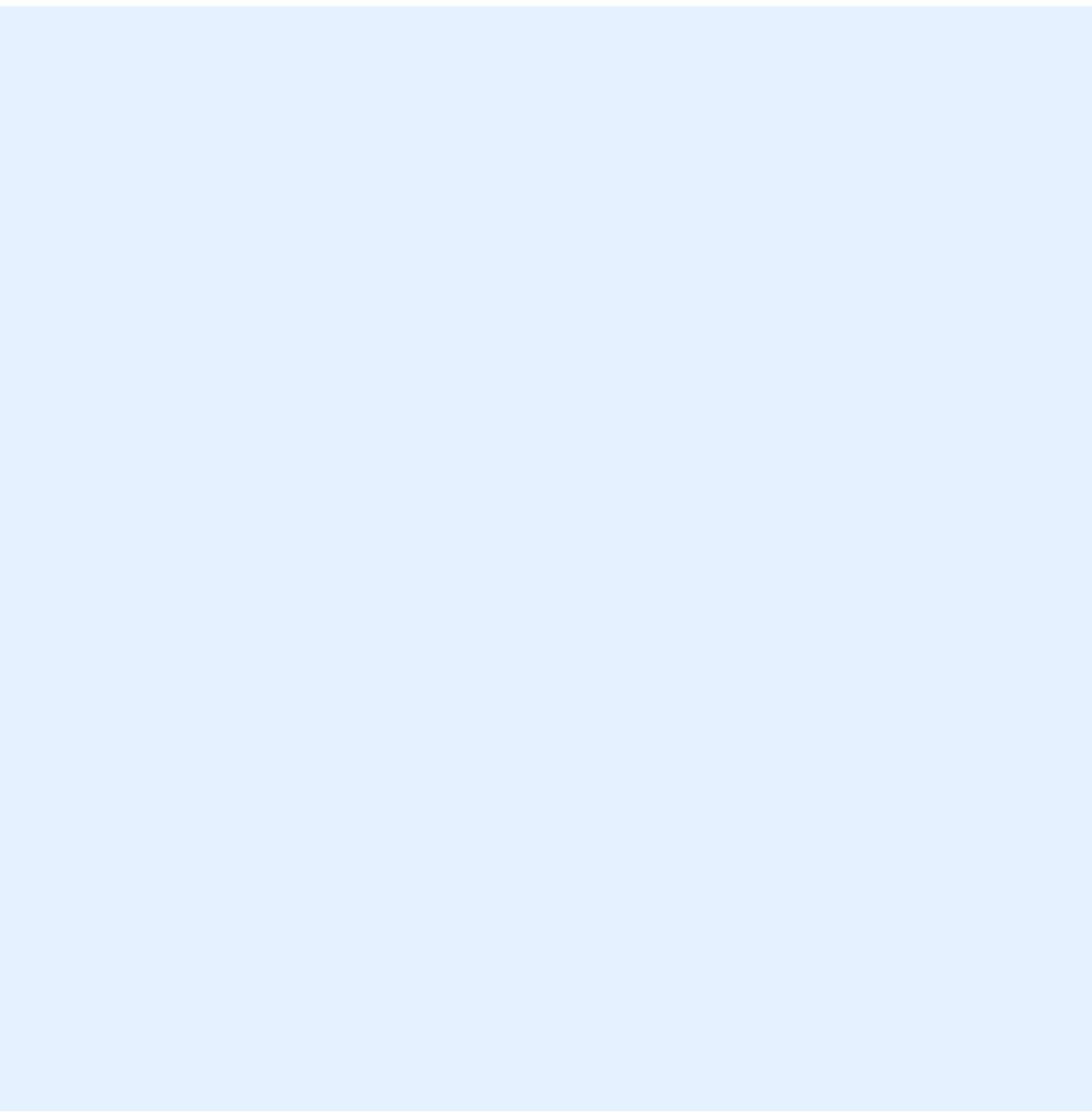
Issue	Indicator	2013-14	2014-15	2015-16	2016-17	Trend
Active community involvement	Environmental volunteers working on public open space (hrs)		0	192	35	↓
	Number of environmental community engagement programs	1	1	0	0	↓
	Number of growers markets/local food retailers specialising in local food	0	0	0	0	→
Indigenous Heritage	Number of Indigenous sites on AHIMS register	482	484	496	498	↑
	Inclusion in DCPs & rural strategies	Yes	Yes	Yes	No	↓
	Extent of liaison with Indigenous communities (self-assessed from 0 = none to 3 = High)	0.0	0.0	1.0	0.0	↓
	Development approvals on listed Indigenous sites (Number)	0	0	0	0	→
	Number of Indigenous heritage management actions/responses		0	0	0	→
Non-Indigenous Heritage	NSW Heritage Items (Number)	2	2	2	2	→
	Locally listed heritage items (Number)	4	2	2	2	↓
	Actions to protect non-Indigenous heritage (including management plans) (Number)	0	1	1	0	↓
	Heritage buildings on statutory heritage lists demolished/degraded in past year (Number)	0	0	1	0	↑
	Heritage buildings on statutory heritage lists renovated/improved in past year (Number)	0	0	0	0	→



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