Walgett Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"Rivers, Plains and Opals"

Walgett Shire Council

General Purpose Financial Statements
for the financial year ended 30 June 2015

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Walgett Shire Council.

(ii) Walgett 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 (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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 22 September 2015.
Council has the power to amend and reissue these financial statements.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & 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 & ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & 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 values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & “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 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &

2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 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.

Walgett Shire Council

General Purpose Financial Statements
for the financial year ended 30 June 2015

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

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

- The Local Government Act 1993 (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
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 22 September 2015.

David Lane
MAYOR

Jane Keir
COUNCILLOR

Don Ramsland
GENERAL MANAGER

Stephen Holland
RESPONSIBLE ACCOUNTING OFFICER

Walgett Shire Council

Income Statement
for the financial year ended 30 June 2015

Budget 2015 [1]	$ '000	Notes	Actual 2015	Actual 2014
	Income from Continuing Operations			
	Revenue:			
8,502	Rates & Annual Charges	3a	8,283	8,055
4,652	User Charges & Fees	3b	5,903	10,898
429	Interest & Investment Revenue	3c	655	586
514	Other Revenues	3d	1,307	1,099
9,571	Grants & Contributions provided for Operating Purposes	3e,f	10,760	7,585 [2]
5,437	Grants & Contributions provided for Capital Purposes	3e,f	1,840	4,753
	Other Income:			
-	Net gains from the disposal of assets	5	1	-
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	-
29,105	Total Income from Continuing Operations		28,749	32,976
	Expenses from Continuing Operations			
8,050	Employee Benefits & On-Costs	4a	7,450	8,512
327	Borrowing Costs	4b	336	272
5,374	Materials & Contracts	4c	6,333	13,207
3,934	Depreciation & Amortisation	4d	4,342	5,022
3,900	Other Expenses	4e	2,752	3,049
-	Net Losses from the Disposal of Assets	5	-	1,403
21,585	Total Expenses from Continuing Operations		21,213	31,465
7,520	Operating Result from Continuing Operations		**7,536**	**1,511**
7,520	Net Operating Result for the Year		7,536	1,511
7,520	**Net Operating Result attributable to Council**		7,536	1,511
2,083	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		5,696	(3,242)

[1] Original Budget as approved by Council - refer Note 16

[2] Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

Walgett Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		**7,536**	**1,511**
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(103,366)	3,585
Total Items which will not be reclassified subsequently to the Operating Result		**(103,366)**	**3,585**
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		**(103,366)**	**3,585**
Total Comprehensive Income for the Year		(95,830)	5,096
Total Comprehensive Income attributable to Council		(95,830)	5,096

Walgett Shire Council

Statement of Financial Position
as at 30 June 2015

$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	5,034	4,842
Investments	6b	16,000	12,000
Receivables	7	3,175	3,565
Inventories	8	1,039	923
Total Current Assets		**25,248**	**21,330**
Non-Current Assets			
Receivables	7	448	201
Infrastructure, Property, Plant & Equipment	9	247,366	347,727
Total Non-Current Assets		**247,814**	**347,928**
TOTAL ASSETS		273,062	369,258
LIABILITIES			
Current Liabilities			
Payables	10	1,242	1,108
Borrowings	10	559	525
Provisions	10	1,918	1,941
Total Current Liabilities		**3,719**	**3,574**
Non-Current Liabilities			
Borrowings	10	4,442	5,001
Provisions	10	123	75
Total Non-Current Liabilities		**4,565**	**5,076**
TOTAL LIABILITIES		8,284	8,650
Net Assets		264,778	360,608
EQUITY			
Retained Earnings	20	94,315	86,779
Revaluation Reserves	20	170,463	273,829
Council Equity Interest		264,778	360,608
Total Equity		264,778	360,608

Walgett Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		86,779	273,829	**360,608**	-	**360,608**
a. Correction of Prior Period Errors	20 (c)	-	-	**-**	-	**-**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	**-**	-	**-**
Revised Opening Balance (as at 1/7/14)		**86,779**	**273,829**	**360,608**	**-**	**360,608**
c. Net Operating Result for the Year		**7,536**	**-**	**7,536**	**-**	**7,536**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(103,366)	**(103,366)**	-	**(103,366)**
Other Comprehensive Income		**-**	**(103,366)**	**(103,366)**	**-**	**(103,366)**
Total Comprehensive Income (c&d)		**7,536**	**(103,366)**	**(95,830)**	**-**	**(95,830)**
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	**-**	-	**-**
f. Transfers between Equity		-	-	**-**	-	**-**
Equity - Balance at end of the reporting period		**94,315**	**170,463**	**264,778**	**-**	**264,778**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		286,447	66,554	**353,001**	-	**353,001**
a. Correction of Prior Period Errors	20 (c)	(201,179)	203,690	**2,511**	-	**2,511**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	**-**	-	**-**
Revised Opening Balance (as at 1/7/13)		**85,268**	**270,244**	**355,512**	**-**	**355,512**
c. Net Operating Result for the Year		1,511	-	**1,511**	-	**1,511**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	3,585	**3,585**	-	**3,585**
Other Comprehensive Income		**-**	**3,585**	**3,585**	**-**	**3,585**
Total Comprehensive Income (c&d)		**1,511**	**3,585**	**5,096**	**-**	**5,096**
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	**-**	-	**-**
f. Transfers between Equity		-	-	**-**	-	**-**
Equity - Balance at end of the reporting period		**86,779**	**273,829**	**360,608**	**-**	**360,608**

Walgett Shire Council

Statement of Cash Flows
for the financial year ended 30 June 2015

Budget 2015	$ '000	Notes	Actual 2015	Actual 2014
	Cash Flows from Operating Activities			
	Receipts:			
8,650	Rates & Annual Charges		8,286	8,256
4,982	User Charges & Fees		6,513	11,284
429	Investment & Interest Revenue Received		754	507
15,108	Grants & Contributions		12,644	12,338
2,287	Other		2,425	483
	Payments:			
(7,950)	Employee Benefits & On-Costs		(7,399)	(8,600)
(10,310)	Materials & Contracts		(7,231)	(13,131)
(340)	Borrowing Costs		(328)	(258)
(3,950)	Other		(3,601)	(3,301)
8,906	**Net Cash provided (or used in) Operating Activities**	11b	12,063	7,578
	Cash Flows from Investing Activities			
	Receipts:			
231	Sale of Investment Securities		47,754	8,250
200	Sale of Infrastructure, Property, Plant & Equipment		86	553
	Payments:			
-	Purchase of Investment Securities		(51,754)	(12,000)
(10,308)	Purchase of Infrastructure, Property, Plant & Equipment		(7,432)	(7,420)
(9,877)	**Net Cash provided (or used in) Investing Activities**		(11,346)	(10,617)
	Cash Flows from Financing Activities			
	Receipts:			
-	Proceeds from Borrowings & Advances		-	1,720
	Payments:			
(529)	Repayment of Borrowings & Advances		(525)	(380)
(529)	**Net Cash Flow provided (used in) Financing Activities**		(525)	1,340
(1,500)	**Net Increase/(Decrease) in Cash & Cash Equivalents**		192	(1,699)
2,902	plus: **Cash & Cash Equivalents - beginning of year**	11a	4,842	6,541
1,402	**Cash & Cash Equivalents - end of the year**	11a	5,034	4,842
	Additional Information:			
	plus: **Investments on hand - end of year**	6b	16,000	12,000
	Total Cash, Cash Equivalents & Investments		21,034	16,842

Please refer to Note 11 for information on the following:
- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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n/a - not applicable

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

(a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or

(b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

(iii) New and amended standards adopted by Council

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

(i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ii) the write down of any Asset on the basis of Impairment (if warranted) and

(iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 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 are set out below:

(i) Estimated fair values of investment properties

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

(iii) Estimated remediation provisions.

Critical judgements in applying 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.

(ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(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 it and specific criteria have been met for each of the Council's activities as described below.

Council bases any 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:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Control over granted 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.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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 undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

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

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

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.

Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend Income

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

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

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30 June 2015).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, 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.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Walgett Water Supply Fund
- Lightning Ridge Water Supply Fund
- Collarenebri Water Supply Fund
- Walgett Sewerage Fund
- Lightning Ridge Sewerage Fund
- Collarenebri Sewerage Fund
- Village Water Fund
- Domestic Waste Fund

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (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 statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

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

(iii) Joint Arrangements

Joint Ventures

Joint Ventures represent operational arrangements where the parties joint control and have rights to the net assets of the arrangement.

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operations profits/(losses) are recognised in the income statement, and its share of movements in retained earnings & reserves are recognised in the balance sheet.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (b).

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

- **Castlereagh Macquarie County Council**

  Walgett Shire Council is member of Castlereagh Macquarie County Council. Other members are Coonamble, Gilgandra, Warren and Warrumbungle Shire Councils.

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Councils and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(vi) Unconsolidated Structured Entities

Council has nom interest in any Unconsolidated Structured Entities.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed 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.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor 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 is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) 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 but are incorporated into Cash & Cash Equivalents for presentation of the statement of cash flows.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and 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 include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the reporting date.

(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 arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which 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.

Investments must be 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.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

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

(ii) Subsequent Measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as **"fair value through profit or loss"** category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as **"available-for-sale"** are recognised in equity in the available-for-sale investments revaluation reserve.

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

Impairment

Council assesses at each balance date 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.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise 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 arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

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 methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

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

Impairment losses are 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.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all 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 the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks** (External Valuation)
- **Operational Land** (External Valuation)

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (Internal Valuation)
- **Stormwater/Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Other Structures** (as approximated by depreciated historical cost)
- **Other Assets** (as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

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.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, and Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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 assets, 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 revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- Council land	100% Capitalised
- open space	100% Capitalised
Plant & Equipment	
Office Furniture	> $3,000
Office Equipment	> $1,000
Other Plant &Equipment	> $3,000

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Buildings & Land Improvements	
Park Furniture & Equipment	> $3,000
Building	
- construction/extensions	100% Capitalised
- renovations	> $3,000
Other Structures	> $3,000
Water & Sewer Assets	
Reticulation extensions	> $3,000
Other	> $3,000
Stormwater Assets	
Drains & Culverts	> $3,000
Other	> $3,000
Transport Assets	
Road construction & reconstruction	> $3,000
Reseal/Re-sheet & major repairs:	> $3,000
Bridge construction & reconstruction	> $3,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment	
- Office Equipment	3 to 10 years
- Office furniture	5 to 10 years
- Computer Equipment	3 years
- Vehicles	3 to 8 years
- Heavy Plant/Road Making equip.	3 to 8 years
- Other plant and equipment	3 to 20 years
Other Equipment	
- Playground equipment	2 to 15 years
- Benches, seats etc.	5 to 10 years
Buildings	
- Buildings	50 to 100 years
Stormwater Drainage	
- Drains	100 years
- Culverts	100 years
Transportation Assets	
- Sealed Roads: Surface	8 to 10 years
- Sealed Roads: Structure	100 years
- Unsealed roads	100 years
- Bridge: Concrete	100 years
- Road Pavements	50 years
- Kerb, Gutter & Paths	50 years
Water & Sewer Assets	
- Dams and reservoirs	40 to 100 years
- Bores	20 to 40 years
- Reticulation pipes: PVC	54 to 80 years
- Pumps and telemetry	15 to 65 years
Other Infrastructure Assets	
- Bulk earthworks	Infinite

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

This classification of Land is disclosed in Note 9(a).

(l) 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 acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) 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 the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"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"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to exclude the assets, their values and depreciation charges from these financial statements.

(p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an in-house valuation based on a discounted cash flow analysis.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date.
These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the statement of financial position.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

A Discontinued Operation is a component of Council that has been disposed of or is classified as “held for sale” and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

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

(v) Borrowing costs

Borrowing costs are expensed

(w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

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.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(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 balance sheet, and measured 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 which 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.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become 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 Martin Stevenson (BSc, FIA, FIAA) on 20 February 2013 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 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 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 2015 was $63,870.60.

The amount of additional contributions included in the total employer contribution advised above is $28,740.

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 June 2015.

(y) Self insurance

Council does not self insure.

(z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the statement of financial position are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the statement of financial position.

Operating cash flows within the statement of cash flows are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable form the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

(ac) Rounding of amounts

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

(ad) 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.

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 2(a). Council Functions / Activities - Financial Information

$ '000	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
Functions/Activities	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	639	242	220	906	(242)	(220)	(267)	3	-	350	-
Administration	195	297	2,095	393	3,037	2,908	(198)	(2,740)	(813)	31	160	6,697	92
Public Order & Safety	102	91	200	505	498	1,099	(403)	(407)	(899)	-	-	1,496	-
Health	2	6	38	137	21	35	(135)	(15)	3	-	-	-	-
Environment	1,230	1,864	1,857	2,116	1,010	960	(886)	854	897	631	2,729	3,209	9,608
Community Services & Education	299	204	353	1,065	654	1,687	(766)	(450)	(1,334)	226	348	1,703	-
Housing & Community Amenities	316	234	83	1,228	1,793	864	(912)	(1,559)	(781)	27	-	4,781	28,160
Water Supplies	1,831	3,265	5,443	1,866	1,404	3,732	(35)	1,861	1,711	914	3,612	22,394	20,296
Sewerage Services	860	970	823	627	439	559	233	531	264	10	-	16,645	16,113
Recreation & Culture	50	231	451	1,114	2,292	1,876	(1,064)	(2,061)	(1,425)	177	326	21,756	16,223
Mining, Manufacturing & Construction	93	72	-	728	73	-	(635)	(1)	-	-	-	-	-
Transport & Communication	14,695	10,244	12,549	10,678	9,095	16,124	4,017	1,149	(3,575)	2,704	-	192,935	278,766
Economic Affairs	427	200	-	886	677	715	(459)	(477)	(715)	-	-	7	-
Total Functions & Activities	**20,100**	**17,678**	**24,531**	**21,585**	**21,213**	**31,465**	**(1,485)**	**(3,535)**	**(6,934)**	**4,723**	**7,175**	**271,973**	**369,258**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income [1]	9,005	11,071	8,445	-	-	-	9,005	11,071	8,445	5,671	2,966	1,089	-
Operating Result from Continuing Operations	**29,105**	**28,749**	**32,976**	**21,585**	**21,213**	**31,465**	**7,520**	**7,536**	**1,511**	**10,394**	**10,141**	**273,062**	**369,258**

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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
Costs relating to the 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, area representation and public disclosure and compliance.

ADMINISTRATION
Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY
Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH
Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT
Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION
Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES
Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

WATER SUPPLIES
SEWERAGE SERVICES

RECREATION & CULTURE
Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING & CONSTRUCTION
Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION
Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

ECONOMIC AFFAIRS
Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations

$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,238	1,213
Farmland		3,466	3,399
Business		295	285
Total Ordinary Rates		**4,999**	**4,897**
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		1,178	1,157
Water Supply Services		1,279	1,193
Sewerage Services		827	808
Total Annual Charges		**3,284**	**3,158**
TOTAL RATES & ANNUAL CHARGES		8,283	8,055

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		241	309
Total User Charges		**241**	**309**
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Inspection Services		6	7
Planning & Building Regulation		26	36
Private Works - Section 67		101	341
Regulatory/ Statutory Fees		61	65
Registration Fees		18	23
Section 603 Certificates		8	11
Total Fees & Charges - Statutory/Regulatory		**220**	**483**
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Aerodrome		6	7
Cemeteries		47	57
Lease Rentals		71	51
Leaseback Fees - Council Vehicles		34	40
RMS (formerly RTA) Charges (State Roads not controlled by Council)		5,284	9,949
Saleyards		-	2
Total Fees & Charges - Other		**5,442**	**10,106**
TOTAL USER CHARGES & FEES		5,903	10,898

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		46	6
- Interest earned on Investments (interest & coupon payment income)		609	580
TOTAL INTEREST & INVESTMENT REVENUE		655	586
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		10	6
General Council Cash & Investments		391	576
Restricted Investments/Funds - External:			
Water Fund Operations		81	2
Sewerage Fund Operations		123	2
Domestic Waste Management operations		50	-
Total Interest & Investment Revenue Recognised		**655**	**586**
(d) Other Revenues			
Rental Income - Other Council Properties		114	234
Fines		8	3
Legal Fees Recovery - Rates & Charges (Extra Charges)		32	22
Commissions & Agency Fees		48	47
Diesel Rebate		83	98
Insurance Claim Recoveries		144	122
Maintain Water and Sewer Aboriginal Communities		746	308
Sale of Land for Overdue Rates		2	-
Sales - General		41	24
Sundry Income		-	73
Other		89	168
TOTAL OTHER REVENUE		1,307	1,099

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000		2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants					
General Purpose (Untied)					
Financial Assistance - General Component	[1]	3,777	1,937	-	-
Financial Assistance - Local Roads Component	[1]	1,846	983	-	-
Pensioners' Rates Subsidies - General Component		48	46	-	-
Total General Purpose		**5,671**	**2,966**	**-**	**-**

[1] The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	11	11	-	-
- Sewerage	10	10	-	-
- Domestic Waste Management	24	23	-	-
Water Supplies	-	-	903	3,612
Child Care	33	33	-	-
Community Care	66	212	-	-
Employment & Training Programs	31	66	-	-
Environmental Protection	10	-	97	-
Flood Restoration	315	1,729	-	-
Heritage & Cultural	11	10	-	-
Levee Rehabilitation	-	-	500	1,000
Library	17	52	-	-
Library - special projects	18	-	-	-
LIRS Subsidy	87	94	-	-
NSW Rural Fire Services	-	24	-	-
Recreation & Culture	-	-	131	71
Regional & Local Infrastructure	-	-	209	70
Street Lighting	27	27	-	-
Traffic Route Subsidy	56	28	-	-
Transport (Roads to Recovery)	974	-	-	-
Transport (Other Roads & Bridges Funding)	1,066	-	-	-
Youth Services	102	103	-	-
Other	25	-	-	-
Total Specific Purpose	**2,883**	**2,422**	**1,840**	**4,753**
Total Grants	**8,554**	**5,388**	**1,840**	**4,753**
Grant Revenue is attributable to:				
- Commonwealth Funding	974	1,394	220	3,612
- State Funding	7,580	3,994	1,620	1,141
	8,554	**5,388**	**1,840**	**4,753**

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
Nil				
Other Contributions:				
RMS Contributions (Regional Roads, Block Grant)	2,206	2,194	-	-
Water Supplies (excl. Section 64 contributions)	-	3	-	-
Total Other Contributions	**2,206**	**2,197**	**-**	**-**
Total Contributions	2,206	2,197	-	-
TOTAL GRANTS & CONTRIBUTIONS	10,760	7,585	1,840	4,753

$ '000	Actual 2015	Actual 2014
(g) Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	2,260	3,265
add: Grants & contributions recognised in the current period but not yet spent:	1,577	2,260
less: Grants & contributions recognised in a previous reporting period now spent:	(1,438)	(3,265)
Net Increase (Decrease) in Restricted Assets during the Period	**139**	**(1,005)**
Unexpended and held as Restricted Assets	2,399	2,260
Comprising:		
- Specific Purpose Unexpended Grants	2,399	2,260
- Developer Contributions	-	-
- Other Contributions	-	-
	2,399	**2,260**

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		5,872	5,534
Travelling		24	36
Employee Leave Entitlements (ELE)		1,202	1,474
Superannuation		639	652
Workers' Compensation Insurance		148	537
Fringe Benefit Tax (FBT)		103	126
Training Costs (other than Salaries & Wages)		67	84
Protective Clothing		54	66
Other		2	-
Other		6	3
Total Employee Costs		**8,117**	**8,512**
less: Capitalised Costs		(667)	-
TOTAL EMPLOYEE COSTS EXPENSED		7,450	8,512
Number of "Equivalent Full Time" Employees at year end		**129**	**115**
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		**143**	**130**
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		336	272
Total Interest Bearing Liability Costs Expensed		**336**	**272**
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		336	272
(c) Materials & Contracts			
Raw Materials & Consumables		1,299	3,355
Contractor & Consultancy Costs		4,956	9,700
Auditors Remuneration (1)		20	88
Legal Expenses:			
- Legal Expenses: Debt Recovery		30	24
- Legal Expenses: Other		1	16
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment (2)		27	24
TOTAL MATERIALS & CONTRACTS		6,333	13,207

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014

(c) Materials & Contracts (continued)

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

(i) Audit and Other Assurance Services		
- Audit & review of financial statements: Council's Auditor	19	61
- Audit & review of financial statements: Other Consolidated Entity Auditors	1	27
Remuneration for audit and other assurance services	**20**	**88**
Total Auditor Remuneration	**20**	**88**

2. Operating Lease Payments are attributable to:

Computers	-	24
Other	27	-
	27	**24**

$ '000	Notes	Impairment Costs Actual 2015	Impairment Costs Actual 2014	Depreciation/Amortisation Actual 2015	Depreciation/Amortisation Actual 2014

(d) Depreciation, Amortisation & Impairment

Plant and Equipment	-	-	905	768
Office Equipment	-	-	52	52
Buildings - Non Specialised	-	-	98	117
Buildings - Specialised	-	-	535	364
Other Structures	-	-	842	921
Infrastructure:				
- Roads	-	-	1,051	1,777
- Stormwater Drainage	-	-	135	135
- Water Supply Network	-	-	392	457
- Sewerage Network	-	-	168	226
Other Assets				
- Other	-	-	164	205
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	-	-	4,342	5,022

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014

(e) Other Expenses

Other Expenses for the year include the following:

Advertising	75	63
Bad & Doubtful Debts	(193)	51
Bank Charges	14	13
Contributions/Levies to Other Levels of Government		
- Bushfire Fighting Fund	55	-
- CMCC Noxious Weeds	97	95
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)	4	-
- NSW Fire Brigade Levy	19	29
- NSW Rural Fire Service Levy	190	176
- Regional Library	134	100
- Other Contributions/Levies	5	7
Councillor Expenses - Mayoral Fee	18	17
Councillor Expenses - Councillors' Fees	97	94
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)	48	53
Donations, Contributions & Assistance to other organisations (Section 356)		
- Donations, Contributions & Assistance	29	95
- Community & Tourism Programs	542	521
- RSPCA	9	9
- Other Donations, Contributions & Assistance	16	19
Electricity & Heating	320	453
Insurance	437	436
Housing Subsidy	-	14
Office Expenses (including computer expenses)	44	120
Printing & Stationery	71	58
Rate Discount	94	88
Street Lighting	120	138
Subscriptions & Publications	52	37
Swimming Pools	198	171
Telephone & Communications	137	135
Tourism Expenses (excluding employee costs)	77	18
Valuation Fees	38	37
Other	5	2
TOTAL OTHER EXPENSES	2,752	3,049

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

$ '000	Notes	Actual 2015	Actual 2014
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		86	118
less: Carrying Amount of P&E Assets Sold / Written Off		(80)	(4)
Net Gain/(Loss) on Disposal		**6**	**114**
Other Assets			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(2)	(4)
Net Gain/(Loss) on Disposal		**(2)**	**(4)**
Stormwater			
Proceeds from Disposal - Stormwater		-	-
less: Carrying Amount of Stormwater Assets Sold / Written Off		-	(55)
Net Gain/(Loss) on Disposal		**-**	**(55)**
Operational Land			
Proceeds from Disposal - Operational Land		-	185
less: Carrying Amount of Operational Land Assets Sold / Written Off		-	(349)
Net Gain/(Loss) on Disposal		**-**	**(164)**
Buildings (Specialised & Non Specialised)			
Proceeds from Disposal - Buildings (Specialised & Non Specialised)		-	250
less: Carrying Amount of Buildings (Specialised & Non Specialised) Asse		-	(1,241)
Net Gain/(Loss) on Disposal		**-**	**(991)**
Other Structures			
Proceeds from Disposal - Other Structures		-	-
less: Carrying Amount of Other Structures Assets Sold / Written Off		-	(166)
Net Gain/(Loss) on Disposal		**-**	**(166)**
Roads, Bridges & Footpaths			
Proceeds from Disposal - Roads, Bridges & Footpaths		-	-
less: Carrying Amount of Roads, Bridges & Footpaths Assets Sold / Writ		(3)	(137)
Net Gain/(Loss) on Disposal		**(3)**	**(137)**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		1	(1,403)

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 6a. - Cash Assets and Note 6b. - Investments

$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		354	-	366	-
Cash-Equivalent Assets [1]					
- Deposits at Call		4,680	-	3,476	-
- Short Term Deposits		-	-	1,000	-
Total Cash & Cash Equivalents		**5,034**	**-**	**4,842**	**-**
Investments (Note 6b)					
- Long Term Deposits		16,000	-	12,000	-
Total Investments		**16,000**	**-**	**12,000**	**-**
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		21,034	-	16,842	-

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

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		**5,034**	**-**	**4,842**	**-**
Investments					
b. "Held to Maturity"	6(b-ii)	16,000	-	12,000	-
Investments		**16,000**	**-**	**12,000**	**-**

Note 6(b-i)
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"

Additions	35,754	-	-	-
Disposals (sales & redemptions)	(35,754)	-	-	-
Balance at End of Year	**-**	**-**	**-**	**-**

Note 6(b-ii)
Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year	12,000	-	8,250	-
Additions	16,000	-	12,000	-
Disposals (sales & redemptions)	(12,000)	-	(8,250)	-
Balance at End of Year	**16,000**	**-**	**12,000**	**-**
Comprising:				
- Long Term Deposits	16,000	-	12,000	-
Total	**16,000**	**-**	**12,000**	**-**

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Total Cash, Cash Equivalents and Investments	21,034	-	16,842	-
attributable to:				
External Restrictions (refer below)	12,450	-	10,489	-
Internal Restrictions (refer below)	7,592	-	5,805	-
Unrestricted	992	-	548	-
	21,034	**-**	**16,842**	**-**

2015 $ '000		Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions					
External Restrictions - Included in Liabilities					
Specific Purpose Unexpended Loans-General	(A)	1,665	-	-	1,665
External Restrictions - Included in Liabilities		1,665	-	-	1,665
External Restrictions - Other					
Specific Purpose Unexpended Grants	(F)	2,260	139	-	2,399
Water Supplies	(G)	1,166	718	-	1,884
Sewerage Services	(G)	4,193	519	-	4,712
Domestic Waste Management	(G)	1,205	585	-	1,790
External Restrictions - Other		8,824	1,961	-	10,785
Total External Restrictions		**10,489**	**1,961**	**-**	**12,450**
Internal Restrictions					
Plant & Vehicle Replacement		2,005	1,133	-	3,138
Infrastructure Replacement		1,781	608	-	2,389
Employees Leave Entitlement		500	-	-	500
Carry Over Works		828	-	(349)	479
Rehabilitation		100	-	-	100
General Manager Contract Provisions		9	3	-	12
Other		582	392	-	974
Total Internal Restrictions		**5,805**	**2,136**	**(349)**	**7,592**
TOTAL RESTRICTIONS		16,294	4,097	(349)	20,042

A Loan moneys which must be applied for the purposes for which the loans were raised.

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

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 7. Receivables

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Purpose					
Rates & Annual Charges		458	195	470	201
Interest & Extra Charges		67	28	82	35
User Charges & Fees		2,412	-	2,270	-
Accrued Revenues					
- Interest on Investments		60	-	137	-
- Other Income Accruals		136	-	17	-
Government Grants & Subsidies		67	-	-	-
Deferred Debtors		-	200	-	200
Loans to Non Profit Organisations		-	40	-	-
Net GST Receivable		58	-	143	-
Superannuation Debtor		-	-	68	-
Other Debtors		-	-	461	-
Total		**3,258**	**463**	**3,648**	**436**
less: Provision for Impairment					
Rates & Annual Charges		(83)	-	(69)	(29)
User Charges & Fees		-	-	(14)	(6)
Deferred Debtors		-	(15)	-	(200)
Total Provision for Impairment - Receivables		**(83)**	**(15)**	**(83)**	**(235)**
TOTAL NET RECEIVABLES		3,175	448	3,565	201
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		281	-	208	89
- Other		4	-	-	-
Sewerage Services					
- Rates & Availability Charges		134	1	89	48
Total External Restrictions		**419**	**1**	**297**	**137**
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		**2,756**	**447**	**3,268**	**64**
TOTAL NET RECEIVABLES		3,175	448	3,565	201

Notes on Debtors above:

(i) Rates & 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 & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.

(iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Inventories					
Real Estate for resale (refer below)		314	-	314	-
Stores & Materials		725	-	609	-
Total Inventories		**1,039**	**-**	**923**	**-**
Other Assets					
Nil					
TOTAL INVENTORIES / OTHER ASSETS		1,039	-	923	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures

(a) Details for Real Estate Development

Residential	314	-	314	-
Total Real Estate for Resale	**314**	**-**	**314**	**-**

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition Costs	314	-	314	-
Total Costs	**314**	**-**	**314**	**-**
Total Real Estate for Resale	**314**	**-**	**314**	**-**

Movements:

Real Estate assets at beginning of the year	314	-	314	-
Total Real Estate for Resale	**314**	**-**	**314**	**-**

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

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2015	2014
Real Estate for Resale	314	314
	314	**314**

(c) 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.

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2014					Asset Movements during the Reporting Period					as at 30/6/2015				
$ '000	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value
Plant & Equipment	-	13,044	7,437	-	5,607	105	(80)	(905)	-	-	-	12,772	8,045	-	4,727
Office Equipment	-	1,170	1,078	-	92	212	-	(52)	-	-	-	1,382	1,130	-	252
Land:															
- Operational Land	-	2,548	-	-	2,548	-	-	-	-	-	-	2,548	-	-	2,548
Buildings - Non Specialised	-	6,517	2,184	-	4,333	78	-	(98)	-	-	-	6,595	2,282	-	4,313
Buildings - Specialised	-	20,070	9,732	-	10,338	62	-	(535)	-	-	-	20,132	10,267	-	9,865
Other Structures	-	31,789	13,967	-	17,822	370	-	(842)	-	19	-	32,459	15,090	-	17,369
Infrastructure:															
- Roads Bridges & Footpaths	-	114,310	54,824	-	59,486	3,080	(3)	(1,051)	-	10,144	-	134,170	62,514	-	71,656
- Bulk Earthworks (non-depreciable)	-	203,566	-	-	203,566	-	-	-	(115,705)	-	-	87,861	-	-	87,861
- Stormwater Drainage	-	14,062	4,454	-	9,608	1,338	-	(135)	(1,141)	-	-	14,371	4,701	-	9,670
- Water Supply Network	-	35,948	17,115	-	18,833	1,756	(2)	(392)	-	-	-	37,683	17,488	-	20,195
- Sewerage Network	-	17,999	6,240	-	11,759	207	-	(168)	-	-	-	18,206	6,408	-	11,798
Other Assets:															
- Other	-	7,904	4,169	-	3,735	224	-	(164)	-	3,317	-	9,895	2,783	-	7,112
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	**-**	**468,927**	**121,200**	**-**	**347,727**	**7,432**	**(85)**	**(4,342)**	**(116,846)**	**13,480**	**-**	**378,074**	**130,708**	**-**	**247,366**

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals ($7,118) and New Assets ($123).
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 & Equipment.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

$ '000	Actual 2015				Actual 2014			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Infrastructure	-	37,683	17,488	**20,195**	-	35,948	17,115	**18,833**
Total Water Supply	**-**	**37,683**	**17,488**	**20,195**	**-**	**35,948**	**17,115**	**18,833**
Sewerage Services								
Infrastructure	-	18,205	6,407	**11,798**	-	17,999	6,240	**11,759**
Total Sewerage Services	**-**	**18,205**	**6,407**	**11,798**	**-**	**17,999**	**6,240**	**11,759**
TOTAL RESTRICTED I,PP&E	**-**	**55,888**	**23,895**	**31,993**	**-**	**53,947**	**23,355**	**30,592**

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Payables					
Goods & Services - operating expenditure		19	-	194	-
Payments Received In Advance		245	-	28	-
Accrued Expenses:					
- Borrowings		22	-	14	-
- Salaries & Wages		213	-	172	-
- Other Expenditure Accruals		583	-	700	-
ATO - Net GST Payable		86	-	-	-
Creditors		74	-	-	-
Total Payables		**1,242**	**-**	**1,108**	**-**
Borrowings					
Loans - Secured [1]		559	4,442	525	5,001
Total Borrowings		**559**	**4,442**	**525**	**5,001**
Provisions					
Employee Benefits;					
Annual Leave		1,006	-	917	-
Sick Leave		152	-	203	-
Long Service Leave		760	123	821	75
Sub Total - Aggregate Employee Benefits		**1,918**	**123**	**1,941**	**75**
Total Provisions		**1,918**	**123**	**1,941**	**75**
Total Payables, Borrowings & Provisions		3,719	4,565	3,574	5,076

(i) Liabilities relating to Restricted Assets

	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Externally Restricted Assets				
Water	233	-	28	-
Liabilities relating to externally restricted assets	233	-	28	-
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	233	-	28	-
Total Liabilities relating to Unrestricted Assets	3,486	4,565	3,546	5,076
TOTAL PAYABLES, BORROWINGS & PROVISIONS	3,719	4,565	3,574	5,076

[1.] Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions (continued)

$ '000	Actual 2015	Actual 2014
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,266	1,262
	1,266	**1,262**

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Annual Leave	917	582	(451)	(42)	-	**1,006**
Sick Leave	203	64	(55)	(60)	-	**152**
Long Service Leave	896	275	(192)	(96)	-	**883**
TOTAL	**2,016**	**921**	**(698)**	**(198)**	**-**	**2,041**

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.

c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	5,034	4,842
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		**5,034**	**4,842**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**7,536**	**1,511**
Adjust for non cash items:			
Depreciation & Amortisation		4,342	5,022
Net Losses/(Gains) on Disposal of Assets		(1)	1,403
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		363	297
Increase/(Decrease) in Provision for Doubtful Debts		(220)	(410)
Decrease/(Increase) in Inventories		(116)	49
Increase/(Decrease) in Payables		(175)	(279)
Increase/(Decrease) in accrued Interest Payable		8	14
Increase/(Decrease) in other accrued Expenses Payable		(76)	243
Increase/(Decrease) in Other Liabilities		377	(145)
Increase/(Decrease) in Employee Leave Entitlements		25	(127)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		**12,063**	**7,578**

(c) Non-Cash Investing & 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	5	4
Total Financing Arrangements Utilised	**5**	**4**

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure

$ '000	Notes	Actual 2015	Actual 2014

(a) Capital Commitments (exclusive of GST)

Nil

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	27	24
Later than one year and not later than 5 years	54	72
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	**81**	**96**

b. Non Cancellable Operating Leases include the following assets:
Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to Operating Leases:
- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment Property Commitments

Nil

(e) Investment in Joint Operations - Commitments

For Capital Commitments and Other Commitments relating to Investments in Joint Operations, refer to Note 19 (c)

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014	2013
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses	5,695	21.16%	-6.52%	-1.02%
Total continuing operating revenue [1] (excl. Capital Grants & Contributions)	26,908			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (excl. ALL Grants & Contributions)	16,148	56.17%	62.58%	51.00%
Total continuing operating revenue [1]	28,748			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2]	12,065	5.43x	4.48	3.35
Current Liabilities less Specific Purpose Liabilities [3, 4]	2,220			
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation	10,373	12.05x	5.30	10.76
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	861			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	665	7.35%	7.61%	11.57%
Rates, Annual and Extra Charges Collectible	9,051			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits x12	21,034	13.23 mths	7.87	5.39
Payments from cash flow of operating and financing activities	1,590			

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 & associates.

[2] Refer Notes 6-8 inclusive.
Also excludes any real estate & land for resale not expected to be sold in the next 12 months

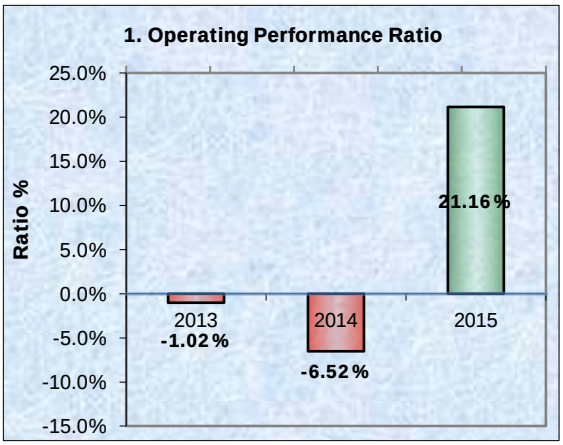
[3] Refer to Note 10(a).

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio

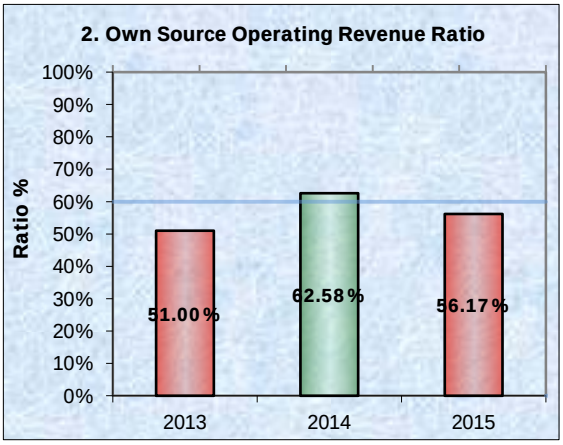
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

2014/15 Ratio 21.16%

Benchmark: ——— Minimum >=0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Own Source Operating Revenue Ratio

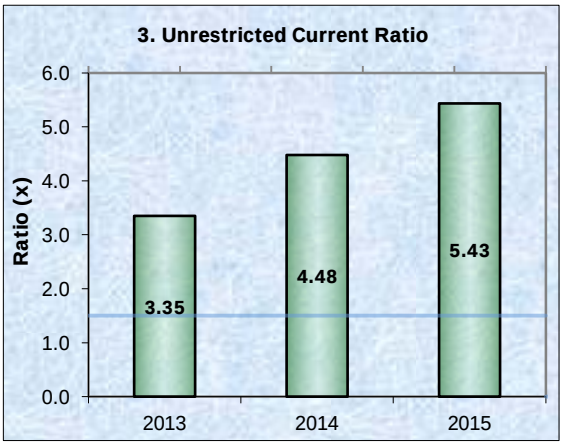
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

2014/15 Ratio 56.17%

Benchmark: ——— Minimum >=60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within 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.

2014/15 Ratio 5.43x

Benchmark: ——— Minimum >=1.50

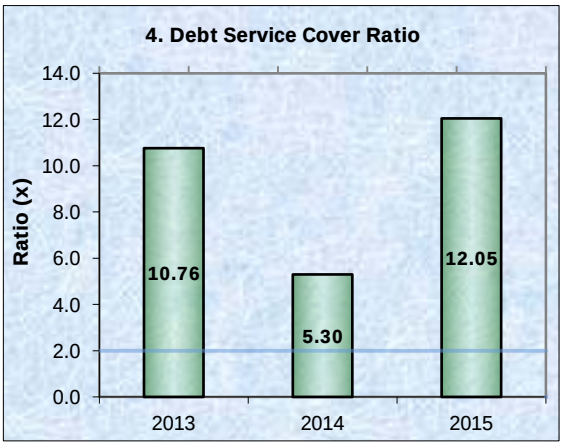
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

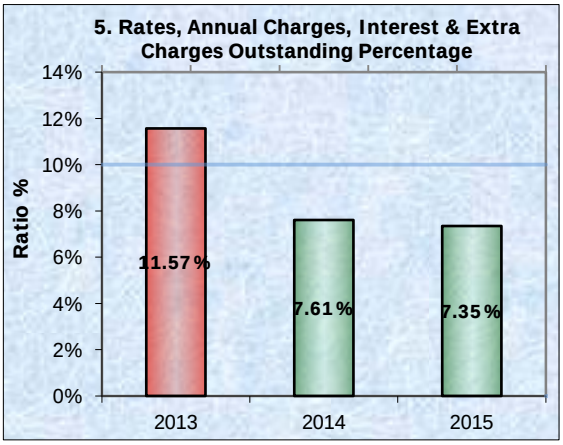
2014/15 Ratio 12.05x

Benchmark: ——— Minimum >=2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark

Ratio is outside Benchmark



Purpose of Rates & Annual Charges Outstanding Ratio

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

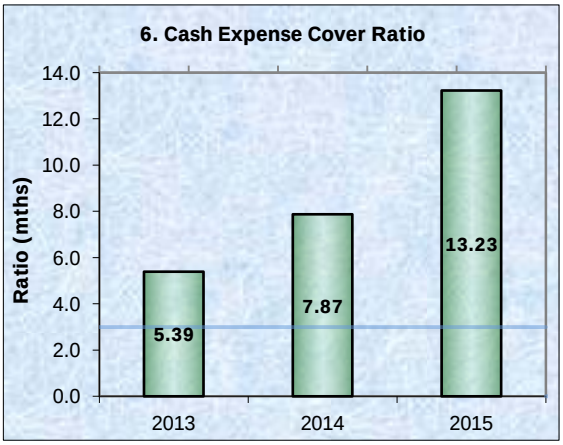
2014/15 Ratio 7.35%

Benchmark: ——— Maximum <10.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

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.

2014/15 Ratio 13.23 mths

Benchmark: ——— Minimum >=3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark

Ratio is outside Benchmark

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

$ '000		Water 2015	Sewer 2015	General [5] 2015
Local Government Industry Indicators - by Fund				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses / Total continuing operating revenue [1] (excl. Capital Grants & Contributions)		**40.64%**	**54.95%**	**17.82%**
	prior period:	-152.31%	32.08%	1.17%
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (excl. ALL Grants & Contributions) / Total continuing operating revenue [1]		**72.01%**	**98.97%**	**52.37%**
	prior period:	29.40%	100.00%	67.83%
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2] / Current Liabilities less Specific Purpose Liabilities [3, 4]		**8.09x**	No Liabilities	**5.43x**
	prior period:	49.07	No Liabilities	4.53
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation / Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)		**123.30x**	**0.00**	**9.92x**
	prior period:	-12.53	0.00	9.39
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible		**21.78%**	**16.13%**	**3.60%**
	prior period:	24.90%	16.96%	3.62%
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits / Payments from cash flow of operating and financing activities x12		**0.00**	**0.00**	**12.22 mths**
	prior period:	0.00	0.00	5.37

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 & Sewer activities which are listed separately.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	5,034	4,842	5,034	4,842
Investments				
- "Held to Maturity"	16,000	12,000	16,000	12,000
Receivables	3,623	3,766	3,623	3,766
Total Financial Assets	**24,657**	**20,608**	**24,657**	**20,608**
Financial Liabilities				
Payables	997	1,080	997	1,080
Loans / Advances	5,001	5,526	5,001	5,526
Total Financial Liabilities	**5,998**	**6,606**	**5,998**	**6,606**

Fair Value is determined as follows:

- **Cash & Cash Equivalents**, **Receivables**, **Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings** & **Held to Maturity** Investments - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & 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 & liabilities

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council has an Investment Policy which complies with the Local Government Act & 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.

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	
2015	**Profit**	**Equity**	**Profit**	**Equity**
Possible impact of a 1% movement in Interest Rates	189	189	(189)	(189)
2014				
Possible impact of a 1% movement in Interest Rates	158	158	(158)	(158)

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

$ '000

(b) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & 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 & 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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	30%	74%	45%	74%
Overdue	70%	26%	55%	26%
	100%	**100%**	**100%**	**100%**

(ii) Ageing of Receivables - value		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
Rates & Annual Charges	**Other Receivables**				
Current	Current	197	2,334	299	2,520
< 1 year overdue	0 - 30 days overdue	456	295	372	348
1 - 2 years overdue	30 - 60 days overdue	-	118	-	149
2 - 5 years overdue	60 - 90 days overdue	-	81	-	131
> 5 years overdue	> 90 days overdue	-	240	-	265
		653	**3,068**	**671**	**3,413**

(iii) Movement in Provision for Impairment of Receivables	2015	2014
Balance at the beginning of the year	318	728
- amounts already provided for & written off this year	(220)	(410)
Balance at the end of the year	**98**	**318**

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

$ '000

(c) Payables & Borrowings

Payables & 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 & overdraft facilities utilised as required.

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

$ '000	Subject to no maturity	payable in: ≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Total Cash Outflows	Actual Carrying Values
2015									
Trade/Other Payables	-	997	-	-	-	-	-	997	**997**
Loans & Advances	-	559	591	622	659	700	1,869	5,659	**5,001**
Total Financial Liabilities	**-**	**1,556**	**591**	**622**	**659**	**700**	**1,869**	**6,656**	**5,998**
2014									
Trade/Other Payables	-	1,080	-	-	-	-	-	1,080	**1,080**
Loans & Advances	-	855	854	851	844	841	841	5,086	**5,526**
Total Financial Liabilities	**-**	**1,935**	**854**	**851**	**844**	**841**	**841**	**6,166**	**6,606**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:	2015 Carrying Value	2015 Average Interest Rate	2014 Carrying Value	2014 Average Interest Rate
Trade/Other Payables	997	0.0%	1,080	0.0%
Loans & Advances - Fixed Interest Rate	5,001	6.7%	5,526	6.7%
	5,998		6,606	

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations

$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 24 June 2014.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act 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	2015 Budget	2015 Actual	2015 ---------- Variance* ----------		
REVENUES					
Rates & Annual Charges	**8,502**	**8,283**	**(219)**	**(3%)**	**U**
No Budget Variation Details Are Required - Variance is < 10%					
User Charges & Fees	**4,652**	**5,903**	**1,251**	**27%**	**F**
Ordered works for the RMS contract was greater than first anticpated.					
Interest & Investment Revenue	**429**	**655**	**226**	**53%**	**F**
Increased availalbility of investment funds has generated increased interest for the year.					
Other Revenues	**514**	**1,307**	**793**	**154%**	**F**
Additional funding received for the Aboriginal water & sewer community assistance scheme.					
Operating Grants & Contributions	**9,571**	**10,760**	**1,189**	**12%**	**F**
Council was successful in achieving additional recurrent road maintenance funding.					
Capital Grants & Contributions	**5,437**	**1,840**	**(3,597)**	**(66%)**	**U**
Grant funds for stages 4-6 of the levee reconstruction were not forthcoming in this financial year.					

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

$ '000	2015 Budget	2015 Actual	2015 Variance*		
EXPENSES					
Employee Benefits & On-Costs	8,050	7,450	600	7%	F
No Budget Variation Details Are Required - Variance is < 10%					
Borrowing Costs	327	336	(9)	(3%)	U
Materials & Contracts	5,374	6,333	(959)	(18%)	U
Increased materials purchased for additional grant projects.					
Depreciation & Amortisation	3,934	4,342	(408)	(10%)	U
A change in road depreciation as a result of the revaluation is recognised in future years, not 2014-2015.					
Other Expenses	3,900	2,752	1,148	29%	F

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

Cash Flows from Operating Activities	8,906	12,063	3,157	35.4%	F
Council was successful in achieving additional recurrent grant funding.					
Cash Flows from Investing Activities	(9,877)	(11,346)	(1,469)	14.9%	U
Council invested additional funds throughout the year.					
Cash Flows from Financing Activities	(529)	(525)	4	(0.8%)	F
No Budget Variation Details Are Required - Variance is < 10%					

Note 17. Statement of Developer Contributions

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & 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 it's 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 Councils 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.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 18. Contingencies & 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) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) 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 (& 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 & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

$ '000

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

Note 20. Equity - Retained Earnings and Revaluation Reserves

$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		86,779	286,447
a. Correction of Prior Period Errors	20 (c)	-	(201,179)
b. Net Operating Result for the Year		7,536	1,511
Balance at End of the Reporting Period		94,315	86,779
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		170,463	273,829
Total		**170,463**	**273,829**
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		273,829	66,554
- Revaluations for the year	9(a)	(103,366)	3,585
- Correction of Prior Period Errors	20(c)	-	203,690
- Balance at End of Year		**170,463**	**273,829**
TOTAL VALUE OF RESERVES		**170,463**	**273,829**

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

$ '000	Notes	Actual 2015	Actual 2014

(c) Correction of Error/s relating to a Previous Reporting Period

Correction of errors as disclosed in last year's financial statements:

Adjust 2013 EOY payroll accrual		85
Adjust 2013 Goods & Services operating expenditure		116
Adjust 2013 Plant & Equipment Accumulated Depreciation		2,395
Adjust 2013 Net GST Receivable		(141)
Adjust 2013 Office equipment Accumulated Depreciation		45
Adjust 2013 Buildings non-specialised Accumulated Depreciation		358
Adjust 2013 Buildings non-specialised Fair Value		(672)
Adjust 2013 Roads,Bridges, Footpaths Accumulated Depreciation		254
Adjust 2013 Roads,Bridges, Footpaths Fair Value		137
Adjust 2013 Net GST Payable		(141)
Adjust 2013 Water Supply Network Accumulated Depreciation		163
Adjust 2013 Real Estate Held for Resale WDV		(88)
Adjust 2010 Bulk Earthworks from Retained Earnings to Reserves		(203,690)

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/13	-	-
(relating to adjustments for the 30/6/13 reporting year end and prior periods)		
- Adjustments to Closing Equity - 30/6/14	-	2,511
(relating to adjustments for the 30/6/14 year end)		
Total Prior Period Adjustments - Prior Period Errors	**-**	**2,511**

(d) Voluntary Changes in Accounting Policies

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund $ '000	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	**Water**	**Sewer**	**General**[1]
Income from Continuing Operations			
Rates & Annual Charges	1,290	837	6,156
User Charges & Fees	461	-	5,442
Interest & Investment Revenue	81	123	451
Other Revenues	530	10	769
Grants & Contributions provided for Operating Purposes	-	-	10,760
Grants & Contributions provided for Capital Purposes	903	-	937
Other Income			
Net Gains from Disposal of Assets	-	-	1
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	**3,265**	**970**	**24,516**
Expenses from Continuing Operations			
Employee Benefits & on-costs	372	142	6,936
Borrowing Costs	-	-	336
Materials & Contracts	617	122	5,594
Depreciation & Amortisation	392	167	3,783
Impairment	-	-	-
Other Expenses	19	6	2,727
Net Losses from the Disposal of Assets	2	-	-
Total Expenses from Continuing Operations	**1,402**	**437**	**19,376**
Operating Result from Continuing Operations	1,863	533	5,140
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	1,863	533	5,140
Net Operating Result attributable to each Council Fund	1,863	533	5,140
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	960	533	4,203

[1] General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Walgett Shire Council

Notes to the Financial Statements
as at 30 June 2015

Note 21. Financial Result & Financial Position by Fund (continued)

Statement of Financial Position by Fund $ '000	Actual 2015	Actual 2015	Actual 2015
ASSETS	**Water**	**Sewer**	**General**[1]
Current Assets			
Cash & Cash Equivalents	884	712	3,438
Investments	1,000	4,000	11,000
Receivables	285	135	2,755
Inventories	-	-	1,039
Other	-	-	-
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	2,169	4,847	18,232
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	448
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	20,195	11,798	215,373
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	20,195	11,798	215,821
TOTAL ASSETS	**22,364**	**16,645**	**234,053**
LIABILITIES			
Current Liabilities			
Payables	216	-	1,026
Borrowings	8	-	551
Provisions	-	-	1,918
Total Current Liabilities	224	-	3,495
Non-Current Liabilities			
Payables	-	-	-
Borrowings	9	-	4,433
Provisions	-	-	123
Total Non-Current Liabilities	9	-	4,556
TOTAL LIABILITIES	**233**	**-**	**8,051**
Net Assets	**22,131**	**16,645**	**226,002**
EQUITY			
Retained Earnings	10,298	11,205	72,812
Revaluation Reserves	11,833	5,440	153,190
Total Equity	**22,131**	**16,645**	**226,002**

[1] General Fund refers to all Council's activities other than Water & Sewer.
NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 22. "Held for Sale" Non Current Assets & 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 (ending 30 June 2015) 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 22/09/15.

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 2015.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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 asset 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.

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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
- Financial Assets & Liabilities

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

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

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

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

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

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

2015		Fair Value Measurement Hierarchy			
		Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Financial Assets					
Investments					
- "Held to Maturity"	30/06/15	16,000	-	-	16,000
Total Financial Assets		**16,000**	**-**	**-**	**16,000**
Financial Liabilities					
Payables	30/06/15	1,231	-	-	1,231
Total Financial Liabilities		**1,231**	**-**	**-**	**1,231**
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	4,727	-	4,727
Office Equipment	30/06/14	-	252	-	252
Operational Land	30/06/14	-	2,548	-	2,548
Buildings - Non Specialised	30/06/14	-	4,313	-	4,313
Buildings Specialised	30/06/14	-	-	9,865	9,865
Other Structures	30/06/11	-	-	17,369	17,369
Roads Bridges & Footpaths	30/06/15	-	-	71,656	71,656
Bulk Earthworks	30/06/15	-	-	87,861	87,861
Stormwater Drainage	30/06/12	-	-	9,670	9,670
Water Supply Network	30/06/12	-	-	20,195	20,195
Sewerage Network	30/06/12	-	-	11,798	11,798
Other Assets	30/06/11	-	-	7,112	7,112
Total Infrastructure, Property, Plant & Equipment		**-**	**11,840**	**235,526**	**247,366**

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

$ '000

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

2014		Fair Value Measurement Hierarchy			
		Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Financial Assets					
Investments					
- "Held to Maturity"	30/06/14	12,000	-	-	12,000
Total Financial Assets		**12,000**	**-**	**-**	**12,000**
Financial Liabilities					
Payables	30/06/14	1,108	-	-	1,108
Total Financial Liabilities		**1,108**	**-**	**-**	**1,108**
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	5,607	-	5,607
Office Equipment	30/06/14	-	92	-	92
Operational Land	30/06/14	-	2,548	-	2,548
Buildings - Non Specialised	30/06/14	-	4,333	-	4,333
Buildings Specialised	30/06/14	-	-	10,338	10,338
Other Structures	30/06/11	-	-	17,822	17,822
Roads Bridges & Footpaths	30/06/10	-	-	59,486	59,486
Bulk Earthworks	30/06/10	-	-	203,566	203,566
Stormwater Drainage	30/06/12	-	-	9,608	9,608
Water Supply Network	30/06/12	-	-	18,833	18,833
Sewerage Network	30/06/12	-	-	11,759	11,759
Other Assets	30/06/11	-	-	3,735	3,735
Total Infrastructure, Property, Plant & Equipment		**-**	**12,580**	**335,147**	**347,727**

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

(2) Transfers between Level 1 & 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.

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

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

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

Infrastructure, Property, Plant & Equipment

Plant & Equipment

Council has a liquid second hand market available through the major centre of Dubbo, making full use of auction businesses in order to derive a relative price point, this is highly subjective when considerations are made of asset condition and age in which case level 2 inputs would apply.

Office Equipment & Furniture

There is no relative liquid market participation for these assets, with a short useful life these assets are held to maximum useful life with no residual value held, with written down values reflected in terms of their use rather than economic worth in an active market. Due to this it is not reasonable to class the assets in level 1, they are observed as level 2.

Operational Land

There is a relatively active market for most of Council operational land, however it fluctuates in economic worth dependant on volatility within the market participation rate, hence it's classification of level 2 inputs.

This asset class was revalued by Scott Fullarton Valuations Pty Ltd in 2014 and complied with AASB116, described as being 'the amount for which an asset could be exchanged between two knowledgeable, willing parties in an arms length transaction'. Valuation techniques have not changed from prior periods for this asset class.

Level 2 inputs apply, there has been no change in valuation techniques used.

Buildings Specialised

This asset class was revalued by Scott Fullarton Valuations Pty Ltd 2014 and complied with AASB116, described as being 'the amount for which an asset could be exchanged between two knowledgeable, willing parties in an arms length transaction'. Valuation techniques have not changed from prior periods for this asset class.

The observable inputs under level 2 are established based on the data used by the independent valuer in quantifying a unit rate to a structure or a square metre rate to a building, where an assets current replacement cost in an active market or measure of economic benefit can be gained through substantial analysis of construction costs incurred from over one hundred Council's throughout New South Wales. This data has been compiled and updated by the independent valuer on a regular basis and reflects movement in construction costs relative to the market fluctuations.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Buildings Non-Specialised

This asset class was revalued by Scott Fullarton Valuations Pty Ltd 2014 and complied with AASB116, described as being 'the amount for which an asset could be exchanged between two knowledgeable, willing parties in an arms length transaction'. Valuation techniques have not changed from prior periods for this asset class.

The observable inputs under level 3 are established based on the data used by the independent valuer in quantifying a unit rate to a structure or a square metre rate to a building, where an assets current replacement cost in an active market or measure of economic benefit can be gained through substantial analysis of construction costs incurred from over one hundred Council's throughout New South Wales. This data has been compiled and updated by the independent valuer on a regular basis and reflects movement in construction costs relative to the market fluctuations.

Other Structures/Other Assets

These asset classes was revalued in the 2010/11 financial year and complied with Accounting Standard AASB 116. Held at 'Fair Value' which is described as being the best estimate of the price reasonably obtainable in the market at the date of valuation. As defined in AASB116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction".

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Roads, Bridges & Footpaths/Bulk Earthworks

Council's roads, bridges & footpaths were inspected by Council staff and an independent valuer as at 30 June 2015. As per paragraph 43 of AASB116, Councils infrastructure was segmented and componentised into the following categories (each representing a significant part of the overall asset):

- Roads
- Pavement
- Formation & Bulk Earthworks
- Kerb & Gutter
- Footpaths

Roads, pavement & formation/bulk earthworks
Council assets were inspected to establish the length and extent of the network. Seal and pavement widths and a full condition assessments were conducted in 2014/15.

Road pavements were assumed to be 2m wider than the seal on sealed roads, otherwise they were measured.

Unit rates for formation, pavement and sealing were based on current replacement market derivatives, indicative by Council staff own project cost analysis in part with current market activity.
Formation widths were determined as a multiple of the pavement width and confirmed by sample inspections.

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Kerb & gutter
The basis of Council assets in this area were established by physical inspection, the bulk of which is concrete, however some are part of the road formation/bulk earth as no concrete structure exists. The conditional assessment was determined following the inspections.

Unit rates were established using Council own project cost analysis in part with current market activity to indicate a reasonably accurate cost of replacement.

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Footpaths
Council assets were revalued upon a full inspection and conditional assessment in 2014/15, additionally are inspected on a regular basis in conjunction with risk management/insurance processes. Unit rates were based on current replacement market derivatives, indicative by Council staff own project cost analysis and current market activity (local suppliers). This was then applied to each segmented part of the footpath network.

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Bridges
Council assets were revalued based on a full inspection and conditional assessment in 2014/15, largely based on observable defects and having a number of assets in poor condition not being utilised, this did not include core sampling or tensile testing of any components.

Council had assessed these assets (small number) and based on current replacement costs established through in house project cost analysis were able to set a unit rate or estimated cost of replacement, additionally there were known current market quoted values to replace certain assets.

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Stormwater Drainage

This asset class was developed using physical inspections, GIS data and old plans held by Council, unit rates were established using Ministry of Energy & Utilities; *NSW reference Rates Manual; Valuation of Water Supply, Sewerage & Stormwater Assets.*

Additionally Council was able to establish rates based on Project Cost analysis, quoted works that have been undertaken within the current market activity, with the last valuation taking place 30 June 2012.

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Water Supply Network

This asset class was developed using physical inspections, GIS data and old plans held by Council, unit rates were established using Ministry of Energy & Utilities; *NSW reference Rates Manual; Valuation of Water Supply, Sewerage & Stormwater Assets.*

Additionally Council was able to establish rates based on Project Cost analysis, quoted works that have been undertaken within the current market activity, with the last valuation taking place 30 June 2012.

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Sewer Supply Network

This asset class was developed using physical inspections, GIS data and old plans held by Council, unit rates were established using Ministry of Energy & Utilities; *NSW reference Rates Manual; Valuation of Water Supply, Sewerage & Stormwater Assets.*

Additionally Council was able to establish rates based on Project Cost analysis, quoted works that have been undertaken within the current market activity, with the last valuation taking place 30 June 2012.

Level 3 inputs apply, there has been no change in valuation techniques for this asset class.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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.

	Buildings Specialised	Other Structures	Roads Bridges Footpaths	Bulk Earthworks	Total
Adoption of AASB 13	9,238	18,703	58,970	203,566	290,477
Purchases (GBV)	147	206	2,430	-	2,783
Disposals (WDV)	(1,240)	(166)	(137)	-	(1,543)
Depreciation & Impairment	(364)	(921)	(1,777)	-	(3,062)
Revaluation Increment to Equity (ARR)	2,557	-	-	-	2,557
Closing Balance - 30/6/14	**10,338**	**17,822**	**59,486**	**203,566**	**291,212**
Adoption of AASB 13	-	-	-	-	-
Purchases (GBV)	62	370	3,080	-	3,512
Disposals (WDV)	-	-	(3)	-	(3)
Depreciation & Impairment	(535)	(842)	(1,051)	-	(2,428)
Revaluation Increment to Equity (ARR)	-	19	10,144	(115,705)	(105,542)
Closing Balance - 30/6/15	**9,865**	**17,369**	**71,656**	**87,861**	**186,751**

	Stormwater Drainage	Water Supply Network	Sewer Network	Other Assets	Total
Adoption of AASB 13	8,875	16,468	11,868	3,944	41,155
Purchases (GBV)	923	2,822	117	-	3,862
Disposals (WDV)	(55)	-	-	(4)	(59)
Depreciation & Impairment	(135)	(457)	(226)	(205)	(1,023)
Closing Balance - 30/6/14	**9,608**	**18,833**	**11,759**	**3,735**	**43,935**
Adoption of AASB 13	-	-	-	-	-
Purchases (GBV)	1,338	1,756	207	224	3,525
Disposals (WDV)	-	(2)	-	-	(2)
Depreciation & Impairment	(135)	(392)	(168)	(164)	(859)
Revaluation Increment to Equity (ARR)	(1,141)	-	-	3,317	2,176
Closing Balance - 30/6/15	**9,670**	**20,195**	**11,798**	**7,112**	**48,775**

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

I,PP&E

Class	**Fair Value** (30/6/15) $'000	**Valuation Techniques**	**Unobservable Inputs**	**Range of Inputs** (incl probable)	**Relationship of unobservable inputs to Fair Value**
Plant & Equipment	$12,772	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Office Equipment	$1,382	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Operational Land	$2,548	Cost Approach	Unimproved Capital Value provided by Valuer General	As Per Valuer General	Any change in the average unimproved capital value will increase/decrease fair value

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Class	**Fair Value** (30/6/15) $'000	**Valuation Techniques**	**Unobservable Inputs**	**Range of Inputs** (incl probable)	**Relationship of unobservable inputs to Fair Value**
Buildings Specialised	$6,595	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Buildings Non Specialised	$20,132	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Other Structures	$32,459	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Roads, Bridges & Footpaths	$134,170	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/15) $'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Bulk Earthworks	$87,861	Cost Approach	Unit Rates Asset Condition	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Stormwater Drainage	$14,371	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Water Supply Network	$37,683	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.
Sewerage Network	$18,206	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/15) $'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Other Assets	$9,895	Cost Approach	Unit Rates Asset Condition Useful Life	Unit Rates – vary from asset to asset Asset Condition – 1-5 representing excellent to very poor	Any change in the component pricing and asset condition will have an impact on fair value.

(5). Highest and best use

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

Walgett Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 28. Council Information & Contact Details

Principal Place of Business:
77 Fox Street
Walgett NSW 2832

Contact Details

Mailing Address:
PO Box 31
Walgett NSW 2832

Opening Hours:
Monday to Friday
8:30am to 5:00pm

Telephone: 02 6828 1399
Facsimile: 02 6828 1399

Internet: www.walgett.nsw.gov.au
Email: admin@walgett.nsw.gov.au

Officers

GENERAL MANAGER
Don Ramsland

RESPONSIBLE ACCOUNTING OFFICER
Stephen Holland

PUBLIC OFFICER
Stephen Holland

AUDITORS
LUKA GROUP
2 River Street
Dubbo NSW

Elected Members

MAYOR
David Lane

COUNCILLORS
Bill Murray
Robert Greenway
Jane Keir
Manuel Martinez
Lawrence Walford
Ian Woodcock
Michael Taylor
Darryl Cooper

Other Information

ABN: 78 769 076 385

INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF WALGETT SHIRE COUNCIL

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Walgett Shire Council for the financial year ended 30 June 2015. The financial statements comprise the Statement by Council, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, and accordingly, we express no opinion on them.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Walgett Shire Council for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion:

(a) 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;

(b) the Council's financial statements:

(i) has been prepared in accordance with the requirements of this Division;
(ii) is consistent with the Council's accounting records;
(iii) presents fairly the Council's financial position, the results of its operations and cashflows; and
(iv) is in accordance with applicable Australian Accounting Standards, and other mandatory professional reporting requirements.

(c) all information relevant to the conduct of the audit has been obtained; and

(d) there are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.

LUKA GROUP

2 River Street
Dubbo
Dated: 30 October 2015

JM SHANKS
PARTNER

Luka Group
ACCOUNTANTS & ADVISORS

30 October 2015

The Mayor
Councillor David Lane
Walgett Shire Council
PO Box 31
WALGETT NSW 2832

Dear Mr Mayor

INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT OF WALGETT SHIRE COUNCIL

We have audited the financial statements of Walgett Shire Council for the financial year ended 30 June 2015. The financial statements include the general purpose consolidated accounts of the economic entity comprising the Council and its controlled entities and the special purpose financial statements, detailing the income and expenditure of Council's business units and their financial position at reporting date. The contents of both of these statements include the Council's Certificate as required by section 413(2)(c) of the Local Government Act 1993. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. Our audit resulted in the issuing of an unmodified audit report for both the general purpose financial statements and special purpose financial statements of Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Walgett Shire Council for the year ended 30 June 2015. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Review of the Financial Statements

(a) Result from Continuing Operations

As disclosed in Council's Income Statement the year's operations resulted in a surplus from continuing operations after capital amounts of $7,536,000 (2014 – $1,511,000). Some items of note in the income statement include:

- The operating result from continuing operations ***before*** capital amounts was a surplus of $5,696,000 (2014 – $3,242,000 deficit).

- Rates and annual charges increased by $228,000 to $8,283,000 (2014 - $8,055,000). Ordinary rates increased by $102,000 to $4,999,000 due to normal increases in rate levies and property movements during the year. Annual charges increased by $126,000 to $3,284,000. Water supply services increased by $86,000 to $1,279,000 due to an increase in metered connections not previously recognised.

- User charges and fees decreased by $4,995,000 to $5,903,000 (2014 - $10,898,000). RMS charges decreased by $4,665,000 to $5,284,000 due to less ordered works performed this year compared to the prior year. Water supply services decreased by $68,000 to $241,000 due to rate payers becoming more water conscious. Private works decreased by $240,000 to $101,000 due to projects for AWB grains and Beanbri road in the prior year.

- Interest and investment revenue increased by $69,000 to $655,000 (2014 - $586,000) due to a higher level of investments compared to the prior year.

- Grant and contributions provided for operating activities increased by $3,175,000 to $10,760,000 (2014 - $7,585,000). The financial assistance grant increased by $2,703,000 to $5,623,000 as the four quarterly instalments were received this year compared to two instalments in the prior year. Flood restoration decreased by $1,414,000 to $315,000 due to the completion of restoration road works from 2010 and 2012 flood damage. Transport – roads to recovery increased by $974,000 due to the commencement of new five year program. Community care decreased by $146,000 to $66,000 due to a one off grant received in the year for community care and services initiatives. Transport – other roads and bridges increased by $1,066,000 due to increased road works funding for the shire.

- Grants and contributions provided for capital purposes decreased by $2,913,000 to $1,840,000 (2014 - $4,753,000). Water supplies grants decreased by $2,709,000 to $903,000 due to upgrades for the Walgett plant and Aboriginal villages in the prior year that was completed this year. Levee rehabilitation decreased by $500,000 to $500,000 due to the upgrade of the levee bank around the town of Walgett.

- Employee benefits and on-costs decreased by $1,062,000 to $7,450,000 (2014 - $8,512,000). Salary and wages increased by $338,000 to $5,872,000 due to the normal employee movement in grades and skill steps. Employee leave entitlements decreased by $272,000 to $1,202,000 due to less pay outs for long serving staff now retired. Workers compensation decreased by $389,000 to $148,000 due to a decrease in the number of claims and an improvement of the rolling claims history.

- Materials and contracts decreased by $6,874,000 to $6,333,000 (2014 - $13,207,000). This movement is consistent with the levels of works carried out during the year and has decreased significantly due to the repairing of flood damaged infrastructure in the prior year.

- Depreciation expense decreased by $680,000 to $4,342,000 (2014 - $5,022,000) due to the impact of revaluations of infrastructure assets and updating of asset useful lives and condition assessments. Plant and equipment increased by $137,000 to $905,000 and conversely roads decreased by $726,000 to $1,051,000.

- Other expenses decreased by $297,000 to $2,752,000 (2014 - $3,049,000). Electricity and heating decreased by $133,000 to $320,000 due to a decrease in tariffs and consumption. Office expenses decreased by $76,000 to $44,000 due to a decrease in office expense purchases this year. Donations, contributions and assistance to organisations decreased by $66,000 to $29,000 due to a less donations being made this year. Bad and doubtful debts decreased by $244,000 due to a $200,000 reversal of the provision for doubtful debts relating to the Lightning Ridge Olympic Swimming Pool.

- Net losses from the disposal of assets decreased by $1,404,000 to $1,000 (2014 - $1,403,000 loss). Proceeds on disposal were $86,000 (2014 - $553,000) and infrastructure assets of $85,000 (2014 - $1,996,000) were written off during the year.

(b) Financial Position

The Statement of Financial Position disclosed that for the year ended 30 June 2015 Council's net assets stood at $264,778,000 (2014 - $360,608,000) which represents a decrease of $95,830,000, being the surplus from continuing operations after capital amounts of $7,536,000 and a revaluation decrement of $103,366,000 relating to roads, bridges and footpaths and stormwater drainage valued during the year.

To assess the appropriateness or otherwise of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist and the effect of the restrictions is summarised as follows:-

	2015 $'000	2014 $'000
Net current assets	21,529	17,756
Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements)	(12,869)	(10,786)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(7,592)	(5,805)
Less: Real estate held for resale classified as current but not expected to be sold within 12 months	(314)	(314)
Add: Applicable liabilities (refer Note 10) matched by a current cash restriction - Water	233	28
Add: Employee leave entitlements classified as current, but not expected to be settled within 12 months	1,266	1,262
Unrestricted net current asset surplus	2,253	2,141
Unrestricted net current assets comprise:		
Unrestricted Current Assets		
Cash and Investments	992	548
Receivables	2,756	3,268
Inventories	1,039	923
	4,787	4,739
Less: Unrestricted Current Liabilities		
Payables	(1,026)	(1,108)
Loans	(542)	(497)
Provisions	(1,918)	(1,941)
	(3,486)	(3,546)

	2015 $'000	2014 $'000
Add: Employee leave entitlements classified as current, but not expected to be settled within 12 months	1,266	1,262
Less: Real estate held for resale classified as current but not expected to be sold within 12 months	(314)	(314)
Unrestricted net current asset surplus	2,253	2,141

The unrestricted net current asset position of Council has increased by $112,000 over the past year to a surplus of $2,253,000. This is a sound position which will allow Council to meet any unbudgeted expenses in the short term.

Liquidity

Note 6 to the accounts discloses total cash and investments of $21,034,000 (2014 - $16,842,000). Of this amount $12,450,000 (2014 - $10,489,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and $7,592,000 (2014 - $5,805,000) is subject to internal restrictions agreed upon by Council for designated purposes which may be altered at the discretion of Council, consistent with their management plan.

The unrestricted balance of $992,000 (2014 - $548,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements.

Council is in a sound financial position to fulfil the objectives as part of its long term financial plans. Whilst the consolidated financial statements display healthy levels of cash and investments, we remind the reader that the consolidated data may not be reflective of the position of the individual funds (General, Water and Sewer).

(c) Performance Indicators

Note 13 to the Financial Statements provide a measure of Council's performance using a number of selected ratios as follows:

Operating Performance Ratio

This ratio measures a Council's ability to contain operating expenditure within operating revenue.

Council's ratio of 21.16% (2014 – negative 6.52%) and is above the benchmark of 0% for the first time in the past few years. This is a very strong result for the Council. Council needs to ensure this trend continues in future years, however, this is difficult to achieve when depreciation expense represents 20.5% of Council's expenditure in the income statement.

We stress the importance of considering these ratios in conjunction with other performance indicators and not in isolation. The fact that these ratios are based upon consolidated funds should also be kept in mind as the ratios for individual funds (i.e. General, Water and Sewer, etc.) may vary significantly.

Own Source Operating Revenue Ratio

This ratio measures the fiscal flexibility of Council and its degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.

The ratio of 56.17% (2014 – 62.58%) is below the benchmark of 60%, and indicates Council has some reliance on government grants and contributions to provide services to the community.

Unrestricted Current Ratio

The unrestricted current ratio is a measure of Council's liquidity and demonstrates Council's ability to satisfy obligations out of short-term and immediate asset balances.

Council's ratio of 5.43:1 (2014 – 4.48:1) is considered very strong and is well above the benchmark of 1.5:1.

Debt Service Cover Ratio

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

Council's ratio of 12.05:1 (2014 – 5.30:1) is considered sound, as the benchmark is a minimum of 2:1. It indicates that Council has the ability to borrow further if required.

Rates and Annual Charges Outstanding Ratio

The rates and annual charges outstanding percentage is a measure of management efficiency. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Council's rates and annual charges outstanding percentage of 7.35% (2014 – 7.61%) has improved slightly over the past year. Achieving a rates recovery ratio of 92.65% is indicative that Council is maintaining good recovery procedures and is a strong result for a western NSW rural council.

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.

Council's ratio of 13.23 months (2014 – 7.87 months) has strengthened considerable and is above the minimum benchmark of 3 months. This indicates that Council is in a strong cash and investment position.

(d) Statement of Cash Flows

The Statement of Cash Flows reports a net increase in cash assets held of $192,000 (2014 - $1,699,000 decrease) as follows:

	2015 $'000	2014 $'000	Movement $'000
Cash flow provided by / (used in)			
Operating activities	12,063	7,578	4,485
Investing activities	(11,346)	(10,617)	(729)
Financing activities	(525)	1,340	(1,865)
Net increase in cash held during the year	192	(1,699)	1,891

Cash Flows from Operating Activities

The net cash flow provided by operating activities totalled $12,063,000 (2014 - $7,578,000). Receipts for grants and contributions increased by $306,000, while user charges and fees decreased by $4,771,000. Payments for employee expenses have decreased by $1,201,000 and payments for materials and contracts decreased by $5,900,000.

Cash Flows from Investing Activities

The net cash flow used in investing activities totalled $11,346,000 (2014 – $10,617,000). The major cash outflows related to the acquisition of infrastructure, property, plant and equipment of $7,432,000 (2014 - $7,420,000) and net acquisition of investment securities of $4,000,000 (2014 - $3,750,000). These outflows were partially offset by receipts from sale of infrastructure, property, plant and equipment of $86,000 (2014 - $553,000).

Major acquisitions of infrastructure, property, plant and equipment were $3,080,000 for roads, bridges and footpaths, $1,756,000 for water supply network and $1,338,000 for stormwater drainage.

Cash Flows from Financing Activities

The net cash outflow for financing activities was $525,000 (2014 – inflow $1,340,000). Council's borrowings for the year were $Nil (2014 - $1,720,000). Repayments of borrowings of $525,000 (2014 - $380,000) during the year were in line with the requirements of the loans.

(e) Comparison of Actual and Budgeted Performance

Council's change in net assets from operations for the year was a surplus of $7,536,000 compared to a budgeted surplus of $7,520,000.

The nature of this report does not lend itself to detailed analysis of individual budget variations. Council's financial statements include Note 16, which addresses the contributing factors to these variations in more detail.

Other Matters

(a) National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Walgett Shire Council has prepared special purpose financial statements on its business units for the year ended 30 June 2015. Council has determined that it has two business units within its operations: Water and Sewerage.

The Division of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines the process for identifying and allocating costs of activities and provides a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unmodified audit report on the special purpose reports for the year ended 30 June 2015 has been issued.

(b) Management Letters

A management letter in relation to the audit was issued during the year and a final letter will be issued within the few weeks.

(c) Legislative Compliance

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial statements that have come to our attention during the conduct of the audit and that Walgett Shire Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

(d) Matters Relating to the Electronic Presentation of the Audited Financial statements

This auditor's report relates to the financial statements of Walgett Shire Council for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Conclusion

(a) Walgett Shire Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements and allowed proper and effective audit of this report;

(b) Walgett Shire Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of this report; and

(c) all information relevant to the conduct of the audit has been obtained.

LUKA GROUP

JM SHANKS
PARTNER

2 River Street
Dubbo
Dated: 30 October 2015

Walgett Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"Rivers, Plains and Opals"

Walgett Shire Council

Special Purpose Financial Statements
for the financial year ended 30 June 2015

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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division 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 & 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 over $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 & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Walgett Shire Council

Special Purpose Financial Statements
for the financial year ended 30 June 2015

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:

- NSW Government Policy Statement *"Pricing of National Competition Policy to Local Government"*
- Division of Local Government Guidelines *"Pricing & Costs for Council Businesses: A guide to Competitive Neutrality"*.
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Officer of Water Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared Business Activities for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 22 September 2015.

David Lane
MAYOR

Jane Keir
COUNCILLOR

Don Ramsland
GENERAL MANAGER

Stephen Holland
RESPONSIBLE ACCOUNTING OFFICER

Walgett Shire Council

Income Statement of Council's Water Supply Business Activity
for the financial year ended 30 June 2015

$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	1,290	1,193
User charges	236	309
Fees	225	-
Interest	81	2
Grants and contributions provided for non capital purposes	-	72
Profit from the sale of assets	-	-
Other income	530	3
Total income from continuing operations	**2,362**	**1,579**
Expenses from continuing operations		
Employee benefits and on-costs	372	327
Borrowing costs	-	3
Materials and contracts	617	3,022
Depreciation and impairment	392	438
Water purchase charges	-	74
Loss on sale of assets	2	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	19	120
Total expenses from continuing operations	**1,402**	**3,984**
Surplus (deficit) from Continuing Operations before capital amounts	**960**	**(2,405)**
Grants and contributions provided for capital purposes	903	3,612
Surplus (deficit) from Continuing Operations after capital amounts	**1,863**	**1,207**
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	**1,863**	**1,207**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(288)	-
SURPLUS (DEFICIT) AFTER TAX	**1,575**	**1,207**
plus Opening Retained Profits	7,931	8,187
plus/less: Other Adjustments	504	(1,463)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	288	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	**10,298**	**7,931**
Return on Capital %	**4.8%**	**-12.8%**
Subsidy from Council	**-**	**3,072**
Calculation of dividend payable:		
Surplus (deficit) after tax	1,575	1,207
less: Capital grants and contributions (excluding developer contributions)	(903)	(3,612)
Surplus for dividend calculation purposes	**672**	**-**
Potential Dividend calculated from surplus	**336**	**-**

Walgett Shire Council

Income Statement of Council's Sewerage Business Activity
for the financial year ended 30 June 2015

$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	837	808
User charges	-	-
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	123	2
Grants and contributions provided for non capital purposes	-	9
Profit from the sale of assets	-	-
Other income	10	4
Total income from continuing operations	**970**	**823**
Expenses from continuing operations		
Employee benefits and on-costs	142	153
Borrowing costs	-	-
Materials and contracts	122	98
Depreciation and impairment	167	226
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	6	82
Total expenses from continuing operations	**437**	**559**
Surplus (deficit) from Continuing Operations before capital amounts	**533**	**264**
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	**533**	**264**
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	**533**	**264**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(160)	(79)
SURPLUS (DEFICIT) AFTER TAX	**373**	**185**
plus Opening Retained Profits	10,672	10,320
plus/less: Other Adjustments	-	88
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	160	79
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	**11,205**	**10,672**
Return on Capital %	**4.5%**	**2.2%**
Subsidy from Council	**-**	**155**
Calculation of dividend payable:		
Surplus (deficit) after tax	373	185
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	**373**	**185**
Potential Dividend calculated from surplus	**187**	**92**

Walgett Shire Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2015

$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	884	1,166
Investments	1,000	-
Receivables	285	208
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**2,169**	**1,374**
Non-Current Assets		
Investments	-	-
Receivables	-	89
Inventories	-	-
Infrastructure, property, plant and equipment	20,195	18,833
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	**20,195**	**18,922**
TOTAL ASSETS	**22,364**	**20,296**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	216	-
Interest bearing liabilities	8	-
Provisions	-	-
Total Current Liabilities	**224**	**-**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	9	28
Provisions	-	-
Total Non-Current Liabilities	**9**	**28**
TOTAL LIABILITIES	**233**	**28**
NET ASSETS	22,131	20,268
EQUITY		
Retained earnings	10,298	7,931
Revaluation reserves	11,833	12,337
Council equity interest	22,131	20,268
Non-controlling equity interest	-	-
TOTAL EQUITY	22,131	20,268

Walgett Shire Council

Statement of Financial Position - Council's Sewerage Business Activity
as at 30 June 2015

$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	712	4,193
Investments	4,000	-
Receivables	135	89
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**4,847**	**4,282**
Non-Current Assets		
Investments	-	-
Receivables	-	48
Inventories	-	-
Infrastructure, property, plant and equipment	11,798	11,759
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	**11,798**	**11,807**
TOTAL ASSETS	**16,645**	**16,089**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	**-**	**-**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	**-**	**-**
TOTAL LIABILITIES	**-**	**-**
NET ASSETS	16,645	16,089
EQUITY		
Retained earnings	11,205	10,672
Revaluation reserves	5,440	5,417
Council equity interest	16,645	16,089
Non-controlling equity interest	-	-
TOTAL EQUITY	16,645	16,089

Walgett Shire Council

Special Purpose Financial Statements
for the financial year ended 30 June 2015

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3	Sewerage Business Best Practice Management disclosure requirements	13

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, 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) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

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' to 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 Government Policy statement on the *"Application of National Competition Policy to Local Government".*

The *"Pricing & 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 & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of 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 & Costing for Council Businesses - A Guide to Competitive Neutrality,* Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over $2 million)

Council has no Category 1 business activities.

Category 2

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

a. Walgett Shire Council Combined Water Supplies

Council's water supply activity servicing the towns of Walgett, Lightning Ridge and Collarenebri.

b. Walgett Shire Council Combined Sewerage Service

Council's sewerage reticulation & treatment activity servicing the towns of Walgett, Lightning Ridge and Collarenebri.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in 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 Notes 2 and Note 3 are disclosed in whole dollars.

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

(i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these 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 **$432,000** of combined land values attracts **0%**. From $432,001 to $2,641,000 the rate is **1.6% + $100.** For the remaining combined land value that exceeds $2,641,000, 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 guidelines for Best Practice Management of Water Supply and Sewerage, 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 in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage 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 each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of 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 positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "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 Council's General Purpose Financial Statements.

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

Local Government Rates & 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 & 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 the council's borrowing rate for its business activities.

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

(ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

The 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 Rate of Return on Capital is calculated as follows:

$$\frac{\textbf{Operating Result before Capital Income + Interest Expense}}{\textbf{Written Down Value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

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

(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.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

(i) 50% of this surplus in any one year, or

(ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by $30 (less the payment for tax equivalent charges, not exceeding $3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 2. Water Supply Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2015

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)	No of assessments multiplied by $3/assessment	5,832
(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]**	336,000
(ii)	No. of assessments multiplied by $30/assessment, less tax equivalent charges/assessment	58,320
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(1,918,000)

2015 Surplus	672,000	**2014 Surplus**	(2,405,000)	**2013 Surplus**	(185,000)
		2014 Dividend	-	**2013 Dividend**	-

(iv)	Maximum dividend from surplus **[least of (i), (ii) and (iii) above]**	n/a
(v)	Dividend actually paid from surplus **[refer below for required pre-dividend payment Criteria]**	-

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)	NO
(ii)	Full Cost Recovery, without significant cross subsidies **[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]**	NO
	- Complying charges **[Item 2(b) in Table 1]**	NO
	- DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	NO
	- If Dual Water Supplies, Complying Charges **[Item 2(g) in Table 1]**	NO
(iii)	Sound Water Conservation and Demand Management implemented	NO
(iv)	Sound Drought Management implemented	NO
(v)	Complete Performance Reporting Form **(by 15 September each year)**	NO
(vi)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2015
National Water Initiative (NWI) Financial Performance Indicators			
NWI F1	Total Revenue (Water) **Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)**	$'000	1,535
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)]**	%	0.00%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) **Written down current cost of system assets (w47)**	$'000	20,195
NWI F11	Operating Cost (OMA) (Water) **Management Expenses (w1) + Operational & Maintenance Expenses (w2)**	$'000	985
NWI F14	Capital Expenditure (Water) **Acquisition of fixed assets (w16)**	$'000	1,756
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 & Equipment (w33b)]**	%	5.07%
NWI F26	Capital Works Grants (Water) **Grants for the Acquisition of Assets (w11a)**	$'000	903

Notes:
1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2015

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)	No of assessments multiplied by $3/assessment	5,727
(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]**	186,550
(ii)	No. of assessments x ($30 less tax equivalent charges per assessment)	57,270
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	737,900

2015 Surplus	373,100	**2014 Surplus**	184,800	**2013 Surplus**	180,000
		2014 Dividend	-	**2013 Dividend**	-

(iv)	Maximum dividend from surplus **[least of (i), (ii) and (iii) above]**	57,270
(v)	Dividend actually paid from surplus **[refer below for required pre-dividend payment Criteria]**	-

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)	NO
(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]**	NO
	Complying charges **(a)** Residential **[Item 2(c) in Table 1]**	NO
	(b) Non Residential **[Item 2(c) in Table 1]**	NO
	(c) Trade Waste **[Item 2(d) in Table 1]**	NO
	DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	NO
	Liquid Trade Waste Approvals & Policy **[Item 2(f) in Table 1]**	NO
(iii)	Complete Performance Reporting Form **(by 15 September each year)**	NO
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2015
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	847
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) **Written down current cost of system assets (s48)**	$'000	11,798
NWI F12	Operating Cost (Sewerage) **Management Expenses (s1) + Operational & Maintenance Expenses (s2)**	$'000	266
NWI F15	Capital Expenditure (Sewerage) **Acquisition of Fixed Assets (s17)**	$'000	207
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 (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]**	%	3.50%
NWI F27	Capital Works Grants (Sewerage) **Grants for the Acquisition of Assets (12a)**	$'000	-

National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)			
NWI F3	Total Income (Water & Sewerage) **Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15)** minus **Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)**	$'000	3,128
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) **Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)**	%	0.67%
NWI F16	Capital Expenditure (Water & Sewerage) **Acquisition of Fixed Assets (w16 + s17)**	$'000	1,963
NWI F19	Economic Real Rate of Return (Water & 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 & equipment (w33b + s34b)]**	%	4.49%
NWI F20	Dividend (Water & Sewerage) **Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)**	$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) **Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)**	%	0.00%

Walgett Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2015

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) **Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31)** **x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]**	%	-16.96%
NWI F23	Interest Cover (Water & Sewerage) **Earnings before Interest & Tax (EBIT) divided by Net Interest**		> 100
	Earnings before Interest & Tax (EBIT): 1,362 **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: - 204 **Interest Expense (w4a + s4a) - Interest Income (w9 + s10)**		
NWI F24	Net Profit After Tax (Water & Sewerage) **Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))**	$'000	1,493
NWI F25	Community Service Obligations (Water & Sewerage) **Grants for Pensioner Rebates (w11b + s12b)**	$'000	21

Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 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 & Definitions.

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF WALGETT SHIRE COUNCIL

Report on the Financial Statements

We have audited the special purpose financial statements of Walgett Shire Council for the year ended 30 June 2015, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position by Business Activities and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to meet the financial reporting requirements of the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Walgett Shire Council for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of these statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion, the special purpose financial statements of Walgett Shire Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the statements were prepared.

LUKA GROUP

2 River Street
Dubbo
Dated: 30 October 2015

JM SHANKS
PARTNER

Walgett Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

"Rivers, Plains and Opals"

Walgett Shire Council

Special Schedules
for the financial year ended 30 June 2015

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[1] Special Schedules are not audited (with the exception of Special Schedule 9).

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.

Walgett Shire Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2015

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	220	-	-	(220)
Administration	3,037	297	-	(2,740)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	350	62	-	(288)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	15	16	-	1
Animal Control	133	13	-	(120)
Other	-	-	-	-
Total Public Order & Safety	498	91	-	(407)
Health	21	6	-	(15)
Environment				
Noxious Plants and Insect/Vermin Control	117	10	-	(107)
Other Environmental Protection	4	-	500	496
Solid Waste Management	754	1,257	97	600
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	135	-	-	(135)
Total Environment	1,010	1,267	597	854
Community Services and Education				
Administration & Education	349	171	-	(178)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	305	33	-	(272)
Total Community Services & Education	654	204	-	(450)
Housing and Community Amenities				
Public Cemeteries	81	47	-	(34)
Public Conveniences	-	-	-	-
Street Lighting	120	27	-	(93)
Town Planning	679	30	-	(649)
Other Community Amenities	913	130	-	(783)
Total Housing and Community Amenities	1,793	234	-	(1,559)
Water Supplies	1,404	2,362	903	1,861
Sewerage Services	439	970	-	531

Walgett Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2015

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	384	34	-	(350)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	72	-	-	(72)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	44	-	-	(44)
Sporting Grounds and Venues	464	-	58	(406)
Swimming Pools	421	-	-	(421)
Parks & Gardens (Lakes)	340	-	-	(340)
Other Sport and Recreation	567	66	73	(428)
Total Recreation and Culture	**2,292**	**100**	**131**	**(2,061)**
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	73	72	-	(1)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	**73**	**72**	-	**(1)**
Transport and Communication				
Urban Roads (UR) - Local	1,239	-	-	(1,239)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,642	663	-	(979)
Sealed Rural Roads (SRR) - Regional	621	3,236	-	2,615
Unsealed Rural Roads (URR) - Local	379	315	-	(64)
Unsealed Rural Roads (URR) - Regional	195	-	-	(195)
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	48	-	-	(48)
Parking Areas	25	-	-	(25)
Footpaths	16	-	-	(16)
Aerodromes	305	6	209	(90)
Other Transport & Communication	4,625	5,815	-	1,190
Total Transport and Communication	**9,095**	**10,035**	**209**	**1,149**
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	677	200	-	(477)
Total Economic Affairs	**677**	**200**	-	**(477)**
Totals – Functions	**21,213**	**15,838**	**1,840**	**(3,535)**
General Purpose Revenues (2)		**11,071**		**11,071**
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT (1)	**21,213**	**26,909**	**1,840**	**7,536**

(1) As reported in the Income Statement (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Walgett Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

$'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	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	525	5,001	**5,526**	-	525	-	-	336	559	4,442	**5,001**
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	**525**	**5,001**	**5,526**	**-**	**525**	**-**	**-**	**336**	**559**	**4,442**	**5,001**
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Debt	**525**	**5,001**	**5,526**	**-**	**525**	**-**	**-**	**336**	**559**	**4,442**	**5,001**

Notes: Excludes (i) Internal Loans & (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).

Walgett Shire Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	146	731
b. Engineering and Supervision	-	131
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	109	86
d. Maintenance expenses	57	345
- Reservoirs		
e. Operation expenses	8	45
f. Maintenance expenses	9	23
- Pumping Stations		
g. Operation expenses (excluding energy costs)	207	83
h. Energy costs	2	237
i. Maintenance expenses	25	365
- Treatment		
j. Operation expenses (excluding chemical costs)	237	349
k. Chemical costs	17	180
l. Maintenance expenses	28	101
- Other		
m. Operation expenses	90	327
n. Maintenance expenses	50	380
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	273	457
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	144
b. Revaluation Decrements	-	-
c. Other expenses	70	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	74	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	**1,402**	**3,984**

Walgett Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	1,295	1,524
b. Usage charges	-	-
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	221	-
8. Extra charges	-	-
9. Interest income	81	2
10. Other income	8	-
10a. Aboriginal Communities Water and Sewerage Program	746	-
11. Grants		
a. Grants for acquisition of assets	903	3,612
b. Grants for pensioner rebates	11	43
c. Other grants	-	10
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	**3,265**	**5,191**
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	**1,863**	**1,207**
15a. Operating Result (less grants for acquisition of assets)	960	(2,405)

Walgett Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	1,756	-
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	10	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	**1,766**	**-**
Non-operating funds employed		
20. Proceeds from disposal of assets	(2)	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	**(2)**	**-**
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	1,944	1,940
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	-	-
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	$ 21,687	$ 20,785

Walgett Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2015

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	yes		
If Yes, go to 28a. If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **from** residential customers using less than allowance (page 25 of Guidelines)			
c. Cross-subsidy **to** non-residential customers (page 24 of Guidelines)			
d. Cross-subsidy **to** large connections in unmetered supplies (page 26 of Guidelines)			
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?		no	
b. Total cross-subsidy in water supply developer charges for 2014/15 (page 47 of Guidelines)			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			-

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Walgett Shire Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

	$'000	Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
30.	**Cash and investments**			
	a. Developer charges	-	-	**-**
	b. Special purpose grants	-	-	**-**
	c. Accrued leave	-	-	**-**
	d. Unexpended loans	-	-	**-**
	e. Sinking fund	-	-	**-**
	f. Other	1,884	-	**1,884**
31.	**Receivables**			
	a. Specific purpose grants	-	-	**-**
	b. Rates and Availability Charges	281	-	**281**
	c. User Charges	-	-	**-**
	d. Other	4	-	**4**
32.	**Inventories**	-	-	**-**
33.	**Property, plant and equipment**			
	a. System assets	-	20,195	**20,195**
	b. Plant and equipment	-	-	**-**
34.	**Other assets**	-	-	**-**
35.	**Total assets**	**2,169**	**20,195**	**22,364**
	LIABILITIES			
36.	**Bank overdraft**	-	-	**-**
37.	**Creditors**	214	-	**214**
38.	**Borrowings**			
	a. Loans	19	-	**19**
	b. Advances	-	-	**-**
	c. Finance leases	-	-	**-**
39.	**Provisions**			
	a. Tax equivalents	-	-	**-**
	b. Dividend	-	-	**-**
	c. Other	-	-	**-**
40.	**Total liabilities**	**233**	**-**	**233**
41.	**NET ASSETS COMMITTED**	**1,936**	**20,195**	**22,131**
	EQUITY			
42.	Accumulated surplus			10,298
43	Asset revaluation reserve			11,833
44.	**TOTAL EQUITY**			**22,131**

Note to system assets:

45.	**Current replacement cost** of system assets	37,683
46.	Accumulated **current cost** depreciation of system assets	(17,488)
47.	Written down **current cost** of system assets	**20,195**

Walgett Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	14	71
b. Engineering and Supervision	-	71
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	43	52
b. Maintenance expenses	-	18
- Pumping Stations		
c. Operation expenses (excluding energy costs)	70	10
d. Energy costs	-	10
e. Maintenance expenses	23	-
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	86	50
g. Chemical costs	-	-
h. Energy costs	-	4
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	27	22
- Other		
l. Operation expenses	3	3
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	168	226
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	3	22
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	**437**	**559**

Walgett Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000		Actuals 2015	Actuals 2014
	Income		
6.	**Residential charges** (including rates)	737	818
7.	**Non-residential charges**		
	a. Access (including rates)	90	-
	b. Usage charges	-	-
8.	**Trade Waste Charges**		
	a. Annual Fees	-	-
	b. Usage charges	-	-
	c. Excess mass charges	-	-
	d. Re-inspection fees	-	-
9.	**Extra charges**	-	-
10.	**Interest income**	123	2
11.	**Other income**	10	3
11a.	**Aboriginal Communities Water & Sewerage Program**	-	-
12.	**Grants**		
	a. Grants for acquisition of assets	-	-
	b. Grants for pensioner rebates	10	-
	c. Other grants	-	-
13.	**Contributions**		
	a. Developer charges	-	-
	b. Developer provided assets	-	-
	c. Other contributions	-	-
14.	**Total income**	**970**	**823**
15.	**Gain (or loss) on disposal of assets**	-	-
16.	**Operating Result**	**533**	**264**
16a.	**Operating Result (less grants for acquisition of assets)**	533	264

Walgett Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	207	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	**207**	**-**
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	**-**	**-**
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,909	1,940
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	-	-
d. Non-residential (unoccupied, ie. vacant lot)	-	-
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	$ 19,455	$ 18,641

Walgett Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies
for the financial year ended 30 June 2015

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	yes		
If Yes, go to 29a.			
If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **to** non-residential customers (page 45 of Guidelines)			
c. Cross-subsidy **to** trade waste discharges (page 46 of Guidelines)			
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?		no	
b. Total cross-subsidy in sewerage developer charges for 2014/15 (page 47 of Guidelines)			-
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			-

* Councils which have not yet implemented best practice sewer pricing & liquid waste prising should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Walgett Shire Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

	$'000	Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
31.	**Cash and investments**			
	a. Developer charges	-	-	-
	b. Special purpose grants	-	-	-
	c. Accrued leave	-	-	-
	d. Unexpended loans	-	-	-
	e. Sinking fund	-	-	-
	f. Other	4,712	-	**4,712**
32.	**Receivables**			
	a. Specific purpose grants	-	-	-
	b. Rates and Availability Charges	134	1	**135**
	c. User Charges	-	-	-
	d. Other	-	-	-
33.	**Inventories**	-	-	-
34.	**Property, plant and equipment**			
	a. System assets	-	11,798	**11,798**
	b. Plant and equipment	-	-	-
35.	**Other assets**	-	-	-
36.	**Total Assets**	**4,846**	**11,799**	**16,645**
	LIABILITIES			
37.	**Bank overdraft**	-	-	-
38.	**Creditors**	-	-	-
39.	**Borrowings**			
	a. Loans	-	-	-
	b. Advances	-	-	-
	c. Finance leases	-	-	-
40.	**Provisions**			
	a. Tax equivalents	-	-	-
	b. Dividend	-	-	-
	c. Other	-	-	-
41.	**Total Liabilities**	**-**	**-**	**-**
42.	**NET ASSETS COMMITTED**	**4,846**	**11,799**	**16,645**
	EQUITY			
42.	Accumulated surplus			11,205
44.	Asset revaluation reserve			5,440
45.	**TOTAL EQUITY**			**16,645**
	Note to system assets:			
46.	**Current replacement cost** of system assets			18,206
47.	Accumulated **current cost** depreciation of system assets			(6,408)
48.	Written down **current cost** of system assets			**11,798**

Walgett Shire Council

Notes to Special Schedule No.'s 3 & 5
for the financial year ended 30 June 2015

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 & 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) incl. 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.

Walgett Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets
as at 30 June 2015

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV refer (4) & (5) 1	2	3	4	5
Buildings	Council Offices / Administration Centres	336	50	83	6,543	25%	21%	45%	8%	1%
	Council Works Depot	63	9	2	730	31%	48%	21%	0%	0%
	Council Public Halls	609	45	50	1,485	46%	0%	10%	18%	26%
	Libraries	-	5	39	1,107	0%	48%	53%	0%	0%
	Specialised Buildings	4,753	52	50	4,313	42%	28%	25%	4%	1%
	sub total	**5,761**	**161**	**224**	**14,178**	**30.9%**	**24.4%**	**34.6%**	**6.5%**	**3.6%**
Other Structures	Other Structures	3,138	175	-	17,369	42%	23%	15%	10%	10%
	sub total	**3,138**	**175**	**-**	**17,369**	**42.3%**	**23.2%**	**14.6%**	**10.3%**	**9.6%**
Roads	Sealed Roads Surface	2,523	720	2,187	19,968	9%	26%	56%	9%	1%
	Sealed Roads Structure	64	520	65	14,668	19%	21%	58%	3%	0%
	Unsealed Roads	-	1,400	1,208	6,665	0%	11%	89%	0%	0%
	Bridges	1,421	160	86	20,212	36%	0%	46%	17%	2%
	Footpaths	0	40	-	2,541	12%	0%	80%	8%	0%
	Kerb and Gutter	1	50	72	7,601	3%	36%	53%	8%	0%
	Other	-	-	-	1					100%
	sub total	**4,009**	**2,890**	**3,618**	**71,656**	**16.9%**	**16.3%**	**57.1%**	**9.0%**	**0.7%**

Walgett Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV refer (4) & (5) 1	2	3	4	5
Water Supply Network	Dams/Weirs	60	5	-	56	50%	1%	0%	41%	8%
	Mains	2,340	250	57	10,261	29%	35%	4%	8%	25%
	Reservoirs	-	5	9	253	0%	100%	0%	0%	0%
	Pumping Station/s	-	5	25	22	100%	0%	0%	0%	0%
	Treatment	1,345	127	28	6,957	42%	48%	5%	1%	4%
	Buildings	35	5	-	1,962	89%	9%	0%	1%	1%
	Bores	40	5	-	684	80%	0%	4%	14%	2%
	sub total	**3,820**	**402**	**119**	**20,195**	**40.8%**	**36.2%**	**4.1%**	**4.9%**	**14.1%**
Sewerage Network	Mains	692	100	-	9,650	2%	47%	2%	48%	1%
	Pumping Station/s	774	71	23	1,366	11%	15%	0%	10%	64%
	Treatment	594	52	27	574	0%	4%	18%	31%	48%
	Buildings	74	5	44	208	11%	1%	0%	11%	78%
	Other	-	10	-	-	0%	0%	0%	0%	
	sub total	**2,134**	**238**	**94**	**11,798**	**3.4%**	**40.1%**	**2.4%**	**42.2%**	**12.0%**
Stormwater Drainage	Retarding Basins	-	-	-	150	100%	0%	0%	0%	0%
	Stormwater Conduits	-	5	-	3,178	2%	9%	89%	0%	0%
	Inlet and Junction Pits	-	-	-	270	0%	0%	0%	0%	100%
	Head Walls	-	1	-	21	0%	0%	100%	0%	0%
	Outfall Structures	-	-	-	479	0%	0%	100%	0%	0%
	Levee Bank	17	-	-	2,109	100%	0%	0%	0%	0%
	Other (Pumps)	-	-	-	395	100%	0%	0%	0%	0%
	Other (Concrete surface drains)	111	-	-	831	0%	0%	0%	100%	0%
	Other (Earth surface drains)	-	-	-	2,237	100%	0%	0%	0%	0%
	sub total	**128**	**6**	**-**	**9,670**	**51.4%**	**3.0%**	**34.3%**	**8.6%**	**2.8%**

Walgett Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV refer (4) & (5) 1	2	3	4	5
Additional Asset	Other	1,150	160	-	7,112	43%	13%	14%	12%	18%
Class (if required)	**sub total**	**1,150**	**160**	**-**	**7,112**	**43.1%**	**12.9%**	**14.1%**	**11.5%**	**18.4%**
	TOTAL - ALL ASSETS	**20,140**	**4,032**	**4,055**	**151,978**	**26.7%**	**21.3%**	**35.4%**	**11.0%**	**5.6%**

Notes:

(1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).

(2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.

(3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.

(4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). **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

Walgett Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015

$ '000	Amounts 2015	Indicator 2015	Indicator 2014
Infrastructure Asset Performance Indicators Consolidated			
1. Building, Infrastructure & Other Structures Renewals Ratio			
Asset Renewals (Building, Infrastructure & Other Structures) [1]	7,118	220.99%	39.95%
Depreciation, Amortisation & Impairment	3,221		
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition	20,140	13.90%	28.93%
Total value[2] of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	144,866		
3. Asset Maintenance Ratio			
Actual Asset Maintenance	4,055	1.01	1.00
Required Asset Maintenance	4,032		
4. Capital Expenditure Ratio			
Annual Capital Expenditure	7,347	1.69	1.09
Annual Depreciation	4,342		

Notes

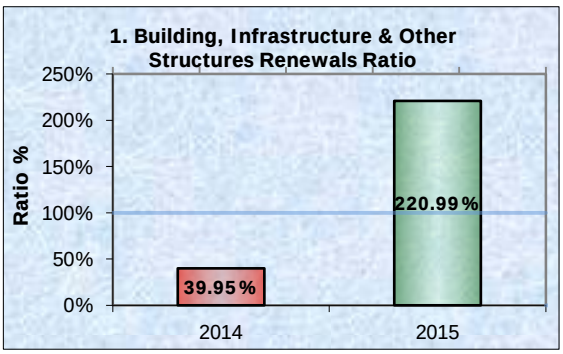
[1] Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

[2] Written Down Value

Walgett Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015



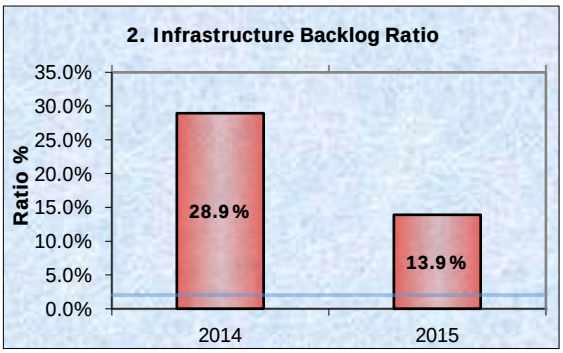
Purpose of Asset Renewals Ratio

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

2014/15 Ratio 220.99%

Benchmark: ——— Minimum >=100.00%
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



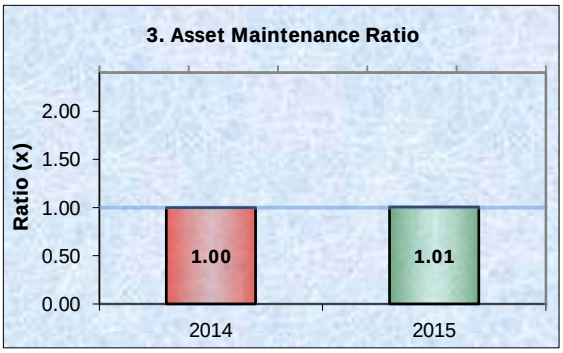
Purpose of Infrastructure Backlog Ratio

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

2014/15 Ratio 13.90%

Benchmark: ——— Maximum <0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



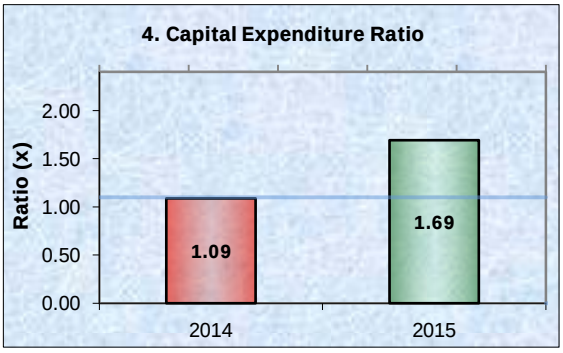
Purpose of Asset Maintenance Ratio

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

2014/15 Ratio 1.01 x

Benchmark: ——— Minimum >1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

2014/15 Ratio 1.69 x

Benchmark: ——— Minimum >1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark

Walgett Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

$ '000		Water 2015	Sewer 2015	General[1] 2015
Infrastructure Asset Performance Indicators By Fund				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals (Building, Infrastructure & Other Structures) [2] / Depreciation, Amortisation & Impairment		**0.00%**	**0.00%**	**267.49%**
	prior period:	0.00%	0.00%	48.19%
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition / Total value[3] of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		**18.92%**	**18.09%**	**12.57%**
	prior period:	45.08%	19.31%	27.04%
3. Asset Maintenance Ratio				
Actual Asset Maintenance / Required Asset Maintenance		**0.30**	**0.39**	**1.13**
	prior period:	1.00	1.00	1.00
4. Capital Expenditure Ratio				
Annual Capital Expenditure / Annual Depreciation		**6.43**	**1.23**	**1.38**
	prior period:	0.00	0.00	1.26

Notes

(1) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

(2) Asset Renewals represent the replacement &/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. Asset Renewals include building, infrastructure & Other Structure assets only.

(3) Written Down Value

Walgett Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation [1]			
Last Year Notional General Income Yield	a	4,991	5,096
Plus or minus Adjustments [2]	b	(7)	(10)
Notional General Income	c = (a + b)	**4,984**	**5,086**
Permissible Income Calculation			
Special variation percentage [3]	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
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	115	122
or **plus** Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	**5,099**	**5,208**
plus (or minus) last year's Carry Forward Total	l	(6)	(6)
less Valuation Objections claimed in the previous year	m	(3)	-
sub-total	n = (l + m)	**(9)**	**(6)**
Total Permissible income	o = k + n	**5,090**	**5,202**
less Notional General Income Yield	p	5,096	5,205
Catch-up or (excess) result	q = o - p	**(6)**	**(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	**(6)**	**(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 councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

INDEPENDENT AUDITOR'S REPORT ON SPECIAL SCHEDULE NO. 9 OF WALGETT SHIRE COUNCIL

Scope

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No.9) of Walgett Shire Council for the year ended 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No.9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of Walgett Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of Council.

Basis of Accounting

Without modifying this opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

LUKA GROUP

2 River Street
Dubbo
Dated: 30 October 2015

JM SHANKS
PARTNER