

Cobar Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017



Cobar Shire Council

Special Schedules for the year ended 30 June 2017

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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

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

Cobar Shire Council

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

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|--|-------------------------------------|-----------------------------------|------------|----------------------|
| | | Non-capital | Capital | |
| Governance | 520 | 6 | – | (514) |
| Administration | 1,588 | 695 | – | (893) |
| Public order and safety | | | | |
| Fire service levy, fire protection, emergency services | 285 | 135 | – | (150) |
| Enforcement of local government regulations | 105 | – | – | (105) |
| Animal control | 2 | 32 | – | 30 |
| Total public order and safety | 392 | 167 | – | (225) |
| Health | 265 | 32 | – | (233) |
| Environment | | | | |
| Noxious plants and insect/vermin control | 187 | 52 | – | (135) |
| Solid waste management | 589 | 672 | – | 83 |
| Stormwater management | 10 | – | – | (10) |
| Total environment | 786 | 724 | – | (62) |
| Community services and education | | | | |
| Administration and education | (4) | – | – | 4 |
| Social protection (welfare) | 30 | – | – | (30) |
| Aged persons and disabled | 2,977 | 2,964 | – | (13) |
| Children's services | 1,938 | 2,008 | – | 70 |
| Total community services and education | 4,941 | 4,972 | – | 31 |
| Housing and community amenities | | | | |
| Public cemeteries | 141 | 26 | – | (115) |
| Public conveniences | 96 | – | – | (96) |
| Town planning | 197 | 27 | 92 | (78) |
| Other community amenities | 282 | 94 | – | (188) |
| Total housing and community amenities | 716 | 147 | 92 | (477) |
| Water supplies | 2,989 | 2,998 | 169 | 178 |
| Sewerage services | 866 | 861 | 239 | 234 |

Cobar Shire Council

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

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|---|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non-capital | Capital | |
| Recreation and culture | | | | |
| Public libraries | 428 | 41 | – | (387) |
| Museums | 592 | 116 | – | (476) |
| Community centres and halls | 517 | 176 | – | (341) |
| Other performing arts | 9 | – | – | (9) |
| Sporting grounds and venues | 505 | 18 | – | (487) |
| Swimming pools | 714 | 94 | – | (620) |
| Parks and gardens (lakes) | 287 | – | – | (287) |
| Total recreation and culture | 3,052 | 445 | – | (2,607) |
| Mining, manufacturing and construction | | | | |
| Building control | 30 | 1 | – | (29) |
| Total mining, manufacturing and const. | 30 | 1 | – | (29) |
| Transport and communication | | | | |
| Urban roads (UR) – local | – | (3) | 786 | 784 |
| Urban roads – regional | 668 | – | – | (668) |
| Sealed rural roads (SRR) – local | 4 | – | – | (4) |
| Sealed rural roads (SRR) – regional | – | – | – | – |
| Unsealed rural roads (URR) – local | 5,064 | – | – | (5,064) |
| Unsealed rural roads (URR) – regional | 1,201 | – | – | (1,201) |
| Parking areas | 7 | – | – | (7) |
| Footpaths | 229 | – | – | (229) |
| Aerodromes | 285 | 145 | – | (140) |
| Other transport and communication | 7,963 | 11,301 | – | 3,337 |
| Total transport and communication | 15,421 | 11,443 | 786 | (3,192) |
| Economic affairs | | | | |
| Camping areas and caravan parks | 39 | 139 | – | 100 |
| Other economic affairs | 918 | 654 | – | (264) |
| Total economic affairs | 957 | 793 | – | (164) |
| Totals – functions | 32,523 | 23,284 | 1,286 | (7,953) |
| General purpose revenues ⁽¹⁾ | | 11,958 | | 11,958 |
| Share of interests – joint ventures and associates using the equity method | – | – | | – |
| NET OPERATING RESULT ⁽²⁾ | 32,523 | 35,242 | 1,286 | 4,005 |

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose

(2) As reported in the Income Statement

grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

Cobar Shire Council

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

for the year ended 30 June 2017

\$'000

| Classification of debt | Principal outstanding at beginning of the year | | | New loans raised during the year | Debt redemption during the year | | Transfers to sinking funds | Interest applicable for year | Principal outstanding at the end of the year | | |
|-----------------------------|--|--------------|--------------|----------------------------------|---------------------------------|---------------|----------------------------|------------------------------|--|--------------|--------------|
| | Current | Non-current | Total | | From revenue | Sinking funds | | | Current | Non-current | Total |
| Loans (by source) | | | | | | | | | | | |
| Financial institutions | 174 | 1,410 | 1,584 | – | 174 | – | – | 97 | 223 | 1,187 | 1,410 |
| Total loans | 174 | 1,410 | 1,584 | – | 174 | – | – | 97 | 223 | 1,187 | 1,410 |
| Other long term debt | | | | | | | | | | | |
| Finance leases | 83 | 143 | 226 | – | 80 | – | – | 16 | 51 | 95 | 146 |
| Total long term debt | 83 | 143 | 226 | – | 80 | – | – | 16 | 51 | 95 | 146 |
| Total debt | 257 | 1,553 | 1,810 | – | 254 | – | – | 113 | 274 | 1,282 | 1,556 |

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

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

Cobar Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| A Expenses and income | | |
| Expenses | | |
| 1. Management expenses | | |
| a. Administration | 158 | 168 |
| b. Engineering and supervision | 98 | 127 |
| 2. Operation and maintenance expenses | | |
| – Mains | | |
| c. Operation expenses | 129 | 76 |
| d. Maintenance expenses | 209 | 191 |
| – Reservoirs | | |
| e. Operation expenses | 1 | 4 |
| f. Maintenance expenses | 64 | 70 |
| – Treatment | | |
| g. Operation expenses (excluding chemical costs) | 1,128 | 1,388 |
| h. Chemical costs | 197 | 162 |
| i. Maintenance expenses | 454 | 484 |
| 3. Depreciation expenses | | |
| a. System assets | 363 | 342 |
| 4. Total expenses | 2,801 | 3,012 |

Cobar Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| Income | | |
| 5. Residential charges | | |
| a. Access (including rates) | 719 | 689 |
| b. Usage charges | 2,228 | 2,258 |
| 6. Non-residential charges | | |
| a. Access (including rates) | 4 | 1 |
| 7. Interest income | 60 | 66 |
| 8. Grants | | |
| a. Grants for acquisition of assets | 182 | 14 |
| 9. Contributions | | |
| a. Other contributions | – | 363 |
| 10. Total income | <u>3,193</u> | <u>3,391</u> |
| 11. Operating result | <u>392</u> | <u>379</u> |
| 11a. Operating result (less grants for acquisition of assets) | 210 | 365 |

Cobar Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| Nil | | |
| C Rates and charges | | |
| 12. Number of assessments | | |
| a. Residential (occupied) | 1,855 | 1,848 |
| b. Residential (unoccupied, ie. vacant lot) | 128 | 128 |
| c. Non-residential (occupied) | 396 | 400 |
| d. Non-residential (unoccupied, ie. vacant lot) | 22 | 18 |
| 13. Number of ETs for which developer charges were received | – ET | – ET |
| 14. Total amount of pensioner rebates (actual dollars) | \$ 23,450 | \$ 24,194 |

Cobar Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

| \$'000 | Actuals Current | Actuals Non-current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 15. Cash and investments | | | |
| a. Other | 2,302 | – | 2,302 |
| 16. Receivables | | | |
| a. Rates and availability charges | 70 | – | 70 |
| b. User charges | 536 | – | 536 |
| 17. Inventories | 140 | – | 140 |
| 18. Property, plant and equipment | | | |
| a. System assets | – | 12,353 | 12,353 |
| 19. Total assets | 3,048 | 12,353 | 15,401 |
| LIABILITIES | | | |
| 20. Creditors | 318 | – | 318 |
| 21. Borrowings | 19 | – | 19 |
| 22. Total liabilities | 337 | – | 337 |
| 23. NET ASSETS COMMITTED | 2,711 | 12,353 | 15,064 |
| EQUITY | | | |
| 24. Accumulated surplus | | | 14,574 |
| 25. Asset revaluation reserve | | | 490 |
| 26. TOTAL EQUITY | | | 15,064 |
| Note to system assets: | | | |
| 27. Current replacement cost of system assets | | | 29,285 |
| 28. Accumulated current cost depreciation of system assets | | | (16,932) |
| 29. Written down current cost of system assets | | | 12,353 |

Cobar Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

| \$'000 | Actuals 2017 | Actuals 2016 |
|---|-----------------|-----------------|
| A Expenses and income | | |
| Expenses | | |
| 1. Management expenses | | |
| a. Administration | 51 | 47 |
| b. Engineering and supervision | 99 | 70 |
| 2. Operation and maintenance expenses | | |
| – mains | | |
| a. Maintenance expenses | 32 | 37 |
| – Pumping stations | | |
| b. Energy costs | 6 | 3 |
| c. Maintenance expenses | 113 | 39 |
| – Treatment | | |
| d. Operation expenses (excl. chemical, energy, effluent and biosolids management costs) | 134 | 108 |
| e. Chemical costs | 6 | 9 |
| f. Effluent management | 59 | 33 |
| 3. Depreciation expenses | | |
| a. System assets | 366 | 367 |
| 4. Total expenses | 866 | 713 |

Cobar Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| Income | | |
| 5. Residential charges (including rates) | 568 | 621 |
| 6. Non-residential charges | | |
| a. Usage charges | 253 | 165 |
| 7. Trade waste charges | | |
| a. Usage charges | 7 | 4 |
| 8. Interest income | 56 | 36 |
| 9. Grants | | |
| a. Grants for acquisition of assets | 239 | 163 |
| b. Grants for pensioner rebates | 11 | 12 |
| 10. Total income | <u>1,134</u> | <u>1,001</u> |
| 11. Operating result | <u>268</u> | <u>288</u> |
| 11a. Operating result (less grants for acquisition of assets) | 29 | 125 |

Cobar Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| Nil | | |
| C Rates and charges | | |
| 12. Number of assessments | | |
| a. Residential (occupied) | 1,607 | 1,605 |
| b. Residential (unoccupied, ie. vacant lot) | 51 | 52 |
| c. Non-residential (occupied) | 163 | 159 |
| d. Non-residential (unoccupied, ie. vacant lot) | 22 | 7 |
| 13. Number of ETs for which developer charges were received | – ET | – ET |
| 14. Total amount of pensioner rebates (actual dollars) | \$ 19,699 | \$ 20,846 |

Cobar Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

| \$'000 | Actuals Current | Actuals Non-current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 15. Cash and investments | | | |
| a. Other | 2,215 | – | 2,215 |
| 16. Receivables | | | |
| a. Rates and availability charges | 100 | – | 100 |
| 17. Inventories | 3 | – | 3 |
| 18. Property, plant and equipment | | | |
| a. System assets | – | 11,846 | 11,846 |
| 19. Total assets | <u>2,318</u> | <u>11,846</u> | <u>14,164</u> |
| LIABILITIES | | | |
| 20. Creditors | 6 | – | 6 |
| 21. Borrowings | 2 | – | 2 |
| 22. Total liabilities | <u>8</u> | <u>–</u> | <u>8</u> |
| 23. NET ASSETS COMMITTED | <u>2,310</u> | <u>11,846</u> | <u>14,156</u> |
| EQUITY | | | |
| 24. Accumulated surplus | | | 3,929 |
| 25. Asset revaluation reserve | | | 10,227 |
| 26. Other reserves | | | – |
| 27. TOTAL EQUITY | | | <u>14,156</u> |
| Note to system assets: | | | |
| 28. Current replacement cost of system assets | | | 19,630 |
| 29. Accumulated current cost depreciation of system assets | | | (7,784) |
| 30. Written down current cost of system assets | | | <u>11,846</u> |

Cobar Shire Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2017

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Cobar Shire Council

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

\$'000

| Asset class | Asset category | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2016/17 Required maintenance ^a | 2016/17 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|-------------------------|-----------------------------|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|--------------|-------------|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Buildings | Buildings – non-specialised | 1,504 | 1,547 | 195 | 199 | 5,770 | 12,971 | 0% | 23% | 53% | 21% | 3% |
| | Buildings – specialised | 1,957 | 1,003 | 566 | 617 | 18,903 | 37,744 | 0% | 14% | 46% | 28% | 12% |
| | Sub-total | 3,461 | 2,550 | 761 | 816 | 24,673 | 50,715 | 0.0% | 16.3% | 47.8% | 26.2% | 9.7% |
| Other structures | Other structures | 91 | 5 | 18 | – | 612 | 1,172 | 10% | 27% | 19% | 43% | 1% |
| | Sub-total | 91 | 5 | 18 | – | 612 | 1,172 | 10.0% | 27.0% | 19.0% | 43.0% | 1.0% |
| Roads | Sealed roads | 2,175 | 4,841 | 719 | 204 | 81,835 | 115,555 | 19% | 63% | 12% | 4% | 2% |
| | Unsealed roads | 11,733 | 13,872 | 2,435 | 2,385 | 111,038 | 121,758 | 62% | 2% | 7% | 18% | 11% |
| | Bridges | – | – | 24 | – | 3,298 | 4,882 | 0% | 50% | 50% | 0% | 0% |
| | Footpaths | – | – | 65 | 201 | 2,909 | 4,139 | 15% | 50% | 35% | 0% | 0% |
| | Kerb & Guttering | – | – | 47 | 68 | 6,481 | 9,441 | 3% | 76% | 21% | 0% | 0% |
| | Bulk earthworks | – | – | – | – | 14,031 | 14,031 | 100% | 0% | 0% | 0% | 0% |
| | Rural Drainage | 92 | 527 | 49 | 88 | 1,101 | 2,441 | 0% | 8% | 70% | 22% | 0% |
| | Sub-total | 14,000 | 19,240 | 3,339 | 2,946 | 222,210 | 272,247 | 41.2% | 31.9% | 11.0% | 10.1% | 5.7% |

Cobar Shire Council

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

\$'000

| Asset class | Asset category | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2016/17 Required maintenance ^a | 2016/17 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|--------------------------------|---------------------------|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|--------------|-------------|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Water supply network | Water supply network | 915 | 5,166 | 420 | 578 | 11,330 | 28,264 | 6% | 21% | 59% | 14% | 0% |
| | Sub-total | 915 | 5,166 | 420 | 578 | 11,330 | 28,264 | 6.0% | 21.0% | 59.0% | 14.0% | 0.0% |
| Sewerage network | Sewerage network | 42 | 150 | 202 | 123 | 11,297 | 19,082 | 1% | 46% | 52% | 1% | 0% |
| | Sub-total | 42 | 150 | 202 | 123 | 11,297 | 19,082 | 1.0% | 46.0% | 52.0% | 1.0% | 0.0% |
| Stormwater drainage | Stormwater drainage | – | – | 32 | 10 | 4,741 | 6,450 | 3% | 97% | 0% | 0% | 0% |
| | Sub-total | – | – | 32 | 10 | 4,741 | 6,450 | 3.0% | 97.0% | 0.0% | 0.0% | 0.0% |
| Open space/recreational assets | Swimming pools | – | – | 54 | 121 | 1,703 | 2,684 | 0% | 0% | 100% | 0% | 0% |
| | Other | 205 | 893 | 370 | 189 | 2,259 | 6,536 | 14% | 26% | 36% | 21% | 3% |
| | Sub-total | 205 | 893 | 424 | 310 | 3,962 | 9,220 | 9.9% | 18.4% | 54.6% | 14.9% | 2.1% |
| | TOTAL – ALL ASSETS | 18,714 | 28,004 | 5,196 | 4,783 | 278,825 | 387,150 | 29.8% | 30.5% | 22.3% | 12.1% | 5.3% |

Notes:

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

Infrastructure asset condition assessment 'key'

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

Cobar Shire Council

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

| \$ '000 | Amounts | Indicator | Benchmark | Prior periods | |
|--|----------------|---------------|-----------|---------------|--------|
| | 2017 | 2017 | | 2016 | 2015 |
| Infrastructure asset performance indicators * consolidated | | | | | |
| 1. Infrastructure renewals ratio | | | | | |
| Asset renewals ⁽¹⁾ | <u>1,945</u> | 37.05% | >= 100% | 82.99% | 65.89% |
| Depreciation, amortisation and impairment | <u>5,249</u> | | | | |
| 2. Infrastructure backlog ratio | | | | | |
| Estimated cost to bring assets to a satisfactory standard | <u>18,714</u> | 6.98% | < 2.00% | 15.73% | 10.35% |
| Net carrying amount of infrastructure assets | <u>268,271</u> | | | | |
| 3. Asset maintenance ratio | | | | | |
| Actual asset maintenance | <u>4,783</u> | 0.92 | > 1.00 | 0.53 | 0.42 |
| Required asset maintenance | <u>5,196</u> | | | | |
| 4. Cost to bring assets to agreed service level | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | <u>28,004</u> | 7.23% | | 0.00% | |
| Gross replacement cost | <u>387,150</u> | | | | |

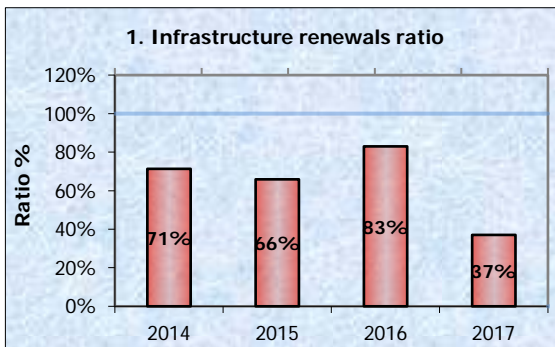
Notes

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

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Cobar Shire Council

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



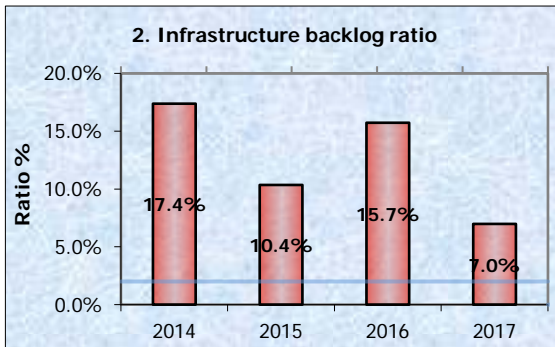
Purpose of asset renewals ratio

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

2016/17 Ratio 37.05%

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

■ Ratio achieves benchmark
■ Ratio is outside benchmark



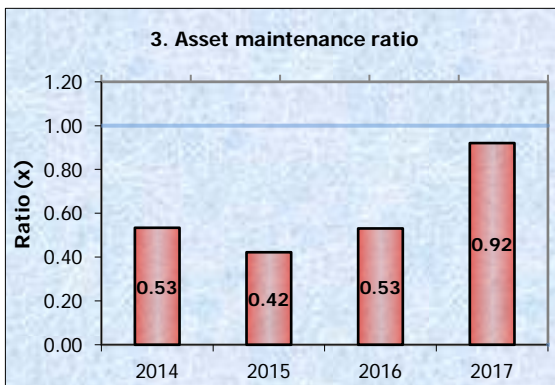
Purpose of infrastructure backlog ratio

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

2016/17 Ratio 6.98%

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

■ Ratio achieves benchmark
■ Ratio is outside benchmark



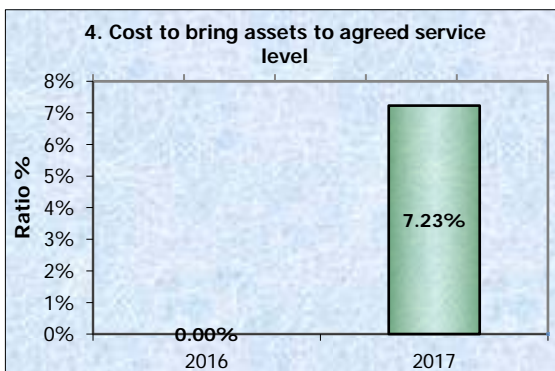
Purpose of asset maintenance ratio

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

2016/17 Ratio 0.92 x

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

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of agreed service level ratio

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

2016/17 Ratio 7.23%

Cobar Shire Council

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

| \$ '000 | Benchmark | Water 2017 | Sewer 2017 | General ⁽¹⁾ 2017 |
|---|---------------|---------------|---------------|--------------------------------|
| Infrastructure asset performance indicators by fund | | | | |
| 1. Infrastructure renewals ratio | | | | |
| <u>Asset renewals ⁽²⁾</u> | >= 100% | 63.36% | 30.05% | 35.51% |
| Depreciation, amortisation and impairment | prior period: | 135.09% | 0.00% | 85.59% |
| 2. Infrastructure backlog ratio | | | | |
| <u>Estimated cost to bring assets to a satisfactory standard</u> | < 2.00% | 8.08% | 0.37% | 7.23% |
| Net carrying amount of infrastructure assets | prior period: | 183.81% | 31.10% | 7.45% |
| 3. Asset maintenance ratio | | | | |
| <u>Actual asset maintenance</u> | > 1.00 | 1.38 | 0.61 | 0.89 |
| Required asset maintenance | prior period: | 0.41 | 0.32 | 0.56 |
| 4. Cost to bring assets to agreed service level | | | | |
| <u>Estimated cost to bring assets to an agreed service level set by Council</u> | | 18.28% | 0.79% | 6.68% |
| Gross replacement cost | | | | |

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Cobar Shire Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

| \$'000 | | Calculation 2016/17 | Calculation 2017/18 |
|---|-------------------------|------------------------|------------------------|
| Notional general income calculation ⁽¹⁾ | | | |
| Last year notional general income yield | a | 3,698 | 3,771 |
| Plus or minus adjustments ⁽²⁾ | b | 8 | – |
| Notional general income | c = (a + b) | 3,706 | 3,771 |
| Permissible income calculation | | | |
| Special variation percentage ⁽³⁾ | d | 0.00% | 0.00% |
| Or rate peg percentage | e | 1.80% | 1.50% |
| Or crown land adjustment (incl. rate peg percentage) | f | 0.00% | 0.00% |
| Less expiring special variation amount | g | – | – |
| Plus special variation amount | h = d x (c – g) | – | – |
| Or plus rate peg amount | i = c x e | 67 | 57 |
| Or plus Crown land adjustment and rate peg amount | j = c x f | – | – |
| Sub-total | k = (c + g + h + i + j) | 3,773 | 3,828 |
| Plus (or minus) last year's carry forward total | l | (0) | 2 |
| Less valuation objections claimed in the previous year | m | – | – |
| Sub-total | n = (l + m) | (0) | 2 |
| Total permissible income | o = k + n | 3,773 | 3,829 |
| Less notional general income yield | p | 3,771 | 3,827 |
| Catch-up or (excess) result | q = o – p | 2 | 2 |
| 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 | 2 | 2 |

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Cobar Shire Council

To the Councillors of Cobar Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Cobar Shire Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Cobar Shire Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibility for the Audit of Special Schedule No. 8' section of my report.

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Other Matter

Special Schedule No. 8 of the Council for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 28 October 2016.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

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

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

My objectives are to:

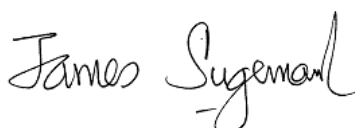
- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No. 8.

A description of my responsibilities for the audit of Special Schedule No. 8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No. 8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No. 8.



James Sugumar
Director, Financial Audit Services

29 November 2017
SYDNEY