



Oberon Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



Oberon Council

General Purpose Financial Statements for the year ended 30 June 2018

Contents

Page

1. Understanding Council's Financial Statements

2

2. Statement by Councillors and Management

3

3. Primary Financial Statements:

- Income Statement
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows

4

5

6

7

8

4. Notes to the Financial Statements

9

5. Independent Auditor's Reports:

- On the Financial Statements (Sect 417 [2])
- On the Conduct of the Audit (Sect 417 [3])

Overview

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

137-139 Oberon Street
OBERON NSW 2787

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- i principles applying to the exercise of functions generally by council,
- i principles to be applied when making decisions,
- i principles of community participation,
- i principles of sound financial management, and
- i principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.oberon.nsw.gov.au.

Oberon Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

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

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

More information

A review of Council's financial performance and position for the 17/18 financial year can be found at Note 29 of the financial statements.

Oberon Council

General Purpose Financial Statements for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Council made on dd/mm/yy.

Kathy Sajowitz
Mayor
dd/mm/yy

Ian Doney
Councillor
dd/mm/yy

Gary Wallace
General Manager
dd/mm/yy

Lynette Safranek
Responsible Accounting Officer
dd/mm/yy

Oberon Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
5,304	Rates and annual charges	3a	5,411	5,092
4,734	User charges and fees	3b	5,812	6,014
371	Interest and investment revenue	3c	330	416
505	Other revenues	3d	468	862
5,220	Grants and contributions provided for operating purposes	3e,f	6,588	6,549
165	Grants and contributions provided for capital purposes	3e,f	157	480
Other income:				
350	Net gains from the disposal of assets	5	–	42
	Fair value increment on investment property	11	–	–
	Reversal of revaluation decrements / impairment of IPP&E previously expensed	4d	–	–
	Net share of interests in joint ventures and associates using the equity method	17	–	–
16,648	Total income from continuing operations		18,766	19,455
Expenses from continuing operations				
5,393	Employee benefits and on-costs	4a	5,173	5,591
200	Borrowing costs	4b	188	191
2,337	Materials and contracts	4c	3,147	3,509
3,222	Depreciation and amortisation	4d	3,600	3,333
	Impairment of investments	4d	–	–
2,474	Other expenses	4e	2,449	2,396
	Interest and investment losses	3c	–	–
	Net losses from the disposal of assets	5	121	–
	Fair value decrement on investment property	11	–	–
	Revaluation decrement / impairment of IPP&E	4d	–	–
	Net share of interests in joint ventures and associates using the equity method	17	–	–
13,626	Total expenses from continuing operations		14,678	15,020
3,021	Operating result from continuing operations		4,088	4,435
	Operating result from discontinued operations	22	–	–
3,021	Net operating result for the year		4,088	4,435
3,021	Net operating result attributable to Council		4,088	4,435
	Net operating result attributable to non-controlling interests		–	–
2,857	Net operating result for the year before grants and contributions provided for capital purposes		3,931	3,955

Oberon Council

Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		4,088	4,435
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10a	(828)	(1,510)
Adjustment to correct prior period errors		–	–
Impairment (loss) reversal relating to IPP&E	10a	–	–
Other comprehensive income – joint ventures and associates	17b	–	–
Total items which will not be reclassified subsequently to the operating result		(828)	(1,510)
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Realised (gain) loss on available for sale investments recognised in operating result		–	–
Gain (loss) on revaluation of available for sale investments		–	–
Realised (gain) loss from other reserves recognised in operating result		–	–
Gain (loss) on revaluation of other reserves		–	–
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	–
Total other comprehensive income for the year		(828)	(1,510)
Total comprehensive income for the year		3,260	2,925
Total comprehensive income attributable to Council		3,260	2,925
Total comprehensive income attributable to non-controlling interests		–	–

Oberon Council

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	1,032	1,657
Investments	6b	14,300	11,800
Receivables	7	1,558	976
Inventories	8	987	458
Other	8	86	7
Non-current assets classified as 'held for sale'	9	–	–
Total current assets		17,963	14,898
Non-current assets			
Investments	6b	–	–
Receivables	7	–	–
Inventories	8	–	492
Infrastructure, property, plant and equipment	10	279,414	279,180
Investment property	11	–	–
Intangible assets	12	–	–
Investments accounted for using the equity method	17	–	–
Non-current assets classified as 'held for sale'	9	–	–
Other	8	–	–
Total non-current assets		279,414	279,672
TOTAL ASSETS		297,377	294,570
LIABILITIES			
Current liabilities			
Payables	13	732	767
Income received in advance	13	109	84
Borrowings	13	465	445
Provisions	14	1,423	1,407
Liabilities associated with assets classified as 'held for sale'	9	–	–
Total current liabilities		2,729	2,703
Non-current liabilities			
Payables	13	1	1
Income received in advance	13	–	–
Borrowings	13	3,291	3,756
Provisions	14	315	329
Investments accounted for using the equity method	17	–	–
Liabilities associated with assets classified as 'held for sale'	9	–	–
Total non-current liabilities		3,607	4,086
TOTAL LIABILITIES		6,336	6,789
Net assets		291,041	287,781

EQUITY

Accumulated surplus	15	136,453	132,365
Revaluation reserves	15	154,588	155,416
Other reserves	15	–	–
Council equity interest		291,041	287,781
Non-controlling equity interests		–	–
Total equity		291,041	287,781

Unaudited

Oberon Council

Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
5,228	Rates and annual charges		5,333	5,078
4,554	User charges and fees		5,592	6,263
383	Investment and interest revenue received		340	407
6,362	Grants and contributions		6,919	7,028
	Bonds, deposits and retention amounts received		116	8
978	Other		935	1,761
Payments:				
(5,341)	Employee benefits and on-costs		(5,185)	(5,531)
(3,118)	Materials and contracts		(4,214)	(4,187)
(176)	Borrowing costs		(165)	(184)
	Bonds, deposits and retention amounts refunded		-	-
(2,003)	Other		(2,683)	(2,661)
	Net cash from boundary adjustments		-	-
6,867	Net cash provided (or used in) operating activities	16b	6,989	7,982
Cash flows from investing activities				
Receipts:				
14,300	Sale of investment securities		14,300	12,800
	Sale of investment property		-	-
	Sale of real estate assets		140	160
	Sale of infrastructure, property, plant and equipment		1,164	124
	Sale of shares in companies		-	-
	Sale of interests in joint ventures and associates		-	-
	Sale of disposal groups		-	-
	Deferred debtors receipts		-	-
	Distributions received from joint ventures and associates		-	-
	Other investing activity receipts		-	-
Payments:				
(14,300)	Purchase of investment securities		(16,800)	(12,600)
	Purchase of investment property		-	-
(6,000)	Purchase of infrastructure, property, plant and equipment		(6,058)	(6,328)
-	Purchase of real estate assets		87	(168)
	Purchase of shares in companies		-	-
	Purchase of interests in joint ventures and associates		-	-
	Deferred debtors and advances made		-	-
	Contributions paid to joint ventures and associates		-	-
	Other investing activity payments		-	-
(6,000)	Net cash provided (or used in) investing activities		(7,168)	(6,012)

Cash flows from financing activities**Receipts:**

Nil

Proceeds from borrowings and advances	–	–
Proceeds from finance leases	–	–
Other financing activity receipts	–	–

Payments:

(460) Repayment of borrowings and advances	(446)	(427)
Repayment of finance lease liabilities	–	–
Distributions to non-controlling interests	–	–
Other financing activity payments	–	–

<u>(460)</u>	Net cash flow provided (used in) financing activities	<u>(446)</u>	<u>(427)</u>
407	Net increase/(decrease) in cash and cash equivalents	(625)	1,543
	Plus: cash and cash equivalents – beginning of year 16a	1,657	114
<u>407</u>	Cash and cash equivalents – end of the year 16a	<u>1,032</u>	<u>1,657</u>
	Additional Information:		
	plus: Investments on hand – end of year 6b	14,300	11,800
	Total cash, cash equivalents and investments	<u>15,332</u>	<u>13,457</u>

Oberon Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017			Council interest	Total equity	
		Accumulated surplus	IPP&E revaluation reserve	Council interest	Accumulated surplus	IPP&E revaluation reserve	Other reserves (specify)			
Opening balance		132,365	155,416	287,781	287,781	127,930	156,926	–	284,856	284,856
Correction of prior period errors	15 (b)	–	–	–	–	–	–	–	–	–
Changes in accounting policies	15 (c)	–	–	–	–	–	–	–	–	–
Restated opening balance		132,365	155,416	287,781	287,781	127,930	156,926	–	284,856	284,856
Net operating result for the year prior to correction of errors and changes in accounting policies		4,088	–	4,088	4,088	4,435	–	–	4,435	4,435
Correction of prior period errors	15 (b)	–	–	–	–	–	–	–	–	–
Changes in accounting policies	15 (c)	–	–	–	–	–	–	–	–	–
Net operating result for the year		4,088	–	4,088	4,088	4,435	–	–	4,435	4,435
Other comprehensive income		–	(828)	(828)	(828)	–	(1,510)	–	(1,510)	(1,510)
– Correction of prior period errors	15 (b)	–	–	–	–	–	–	–	–	–
– Changes in accounting policies	15 (c)	–	–	–	–	–	–	–	–	–
– Gain (loss) on revaluation of IPP&E	10a	–	(828)	(828)	(828)	–	(1,510)	–	(1,510)	(1,510)
Other comprehensive income		–	(828)	(828)	(828)	–	(1,510)	–	(1,510)	(1,510)
Total comprehensive income (c&d)		4,088	(828)	3,260	3,260	4,435	(1,510)	–	2,925	2,925
Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–	–	–	–
Transfers between equity items		–	–	–	–	–	–	–	–	–
Equity – balance at end of the reporting period		136,453	154,588	291,041	291,041	132,365	155,416	–	287,781	287,781

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	#
2(a)	Council functions/activities – financial information	#
2(b)	Council functions/activities – component descriptions	#
3	Income from continuing operations	#
4	Expenses from continuing operations	#
5	Gains or losses from the disposal of assets	#
6(a)	Cash and cash equivalent assets	#
6(b)	Investments	#
6(c)	Restricted cash, cash equivalents and investments – details	#
7	Receivables	#
8	Inventories and other assets	#
9	Non-current assets classified as held for sale (and disposal groups)	#
10(a)	Infrastructure, property, plant and equipment	#
10(b)	Externally restricted infrastructure, property, plant and equipment	#
10(c)	Infrastructure, property, plant and equipment – current year impairments	#
11	Investment property	#
12	Intangible assets	#
13	Payables and borrowings	#
14	Provisions	#
15	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	#
16	Statement of cash flows – additional information	#
17	Interests in other entities	#
18	Commitments for expenditure	#
19	Contingencies and other liabilities/assets not recognised	#
20	Financial risk management	#
21	Material budget variations	#
22	Discontinued operations	#
23	Fair value measurement	#
24	Related party transactions	#
25	Events occurring after the reporting date	#
26	Statement of developer contributions	#
27	Financial result and financial position by fund	#
28(a)	Statement of performance measures – consolidated results	#
28(b)	Statement of performance measures – by fund	#
Additional council disclosures (unaudited)		
28(c)	Statement of performance measures – consolidated results (graphs)	#
29	Financial review and commentary	#
30	Council information and contact details	#

n/a – not applicable

Oberon Council

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

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 18/09/2018.

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

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

Basis of preparation

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

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

Full dollars have been used in Note 24 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- § Income statement
- § Statement of cash flows
- § Note 21 – Material budget variations

and are clearly marked .

(a) New and amended standards adopted by Council

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

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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

- (i) estimated fair values of investment properties –refer Note 11,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10,
- (iii) estimated tip remediation provisions – refer Note 14,
- (iv) employee benefit provisions – refer Note 14.

Significant judgements in applying the Council's accounting policies

- (v) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- § General purpose operations
- § Water service
- § Sewerage service

(b) The Trust Fund

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

Goods and Services Tax (GST)

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

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

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

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

New accounting standards and interpretations issued not yet effective

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

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Effective for annual reporting periods beginning on or after 1 July 2019

- *AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- *AASB 16 Leases*

Council is not currently a party to leases that are not recognised in the Statement of Financial Position.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

Oberon Council

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

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Governance		–	556	450	(556)	(450)	1,234	1,585	3,347	3,347
Administration	325	652	1,677	646	(1,352)	6	5	5	25,717	25,717
Public order and safety	151	340	760	945	(609)	(605)		–	4,240	4,240
Health	11	1	–	4	11	(3)		–		–
Environment	954	773	937	1,078	17	(305)		–	12,473	12,473
Community services and education	60	52	153	167	(93)	(115)		–	5,902	5,902
Housing and community amenities	444	294	1,008	1,298	(564)	(1,004)		–	1,626	1,626
Water supplies	2,042	1,493	1,465	1,565	577	(72)	11	11	8,711	12,947
Sewerage services	1,333	1,063	772	628	561	435	11	11	9,627	20,227
Recreation and culture	449	127	1,081	1,099	(632)	(972)		–	22,805	22,805
Mining, manufacturing and construction	8	17	48	24	(40)	(7)		–	585	585
Transport and communication	5,579	6,935	5,855	6,625	(276)	310	130	124	198,071	180,318
Economic affairs	962	350	366	489	596	(139)		–	4,272	4,383
Other	6,448	7,356		–	6,448	7,356	3,547	3,711	0	–
Total functions and activities	18,766	19,453	14,678	15,018	4,088	4,435	4,938	5,447	297,377	294,570

Oberon Council

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

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

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

Governance

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

Administration

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

Public order and safety

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control,

Health

Includes immunisation, food control, health centres etc.

Environment

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

Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community

Housing and community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities,

Water supplies

Sewerage services

Recreation and culture

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

Mining, manufacturing and construction

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

Transport and communication

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

Economic affairs

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

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	1,436	1,267
Farmland	1,870	1,776
Business	201	191
Other	–	–
Total ordinary rates	3,508	3,234
Special rates		
Town improvement	463	447
Other	–	–
Total special rates	463	447
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	226	222
Stormwater management services	–	–
Water supply services	445	439
Sewerage services	715	695
Drainage	–	–
Waste management services (non-domestic)	53	55
Total annual charges	1,441	1,411
TOTAL RATES AND ANNUAL CHARGES	5,411	5,092

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Oberon Council

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

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Domestic waste management services	–	–
Water supply services	1,551	1,008
Sewerage services	461	304
Drainage services	–	–
Waste management services (non-domestic)	44	39
Industrial waste management	492	439
Total specific user charges	2,549	1,790
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Inspection services	40	28
Planning and building regulation	31	63
Private works – section 67	67	75
Regulatory/ statutory fees	–	–
Registration fees	–	–
Regulatory fees	12	–
Section 149 certificates (EPA Act)	23	31
Section 603 certificates	–	10
Tapping fees	–	–
Town planning	168	114
Other	–	–
Total fees and charges – statutory/regulatory	341	321

Oberon Council

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

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees (continued)		
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	83	48
Gravel pits	7	15
Lease rentals	–	–
Leaseback fees – Council vehicles	22	20
Leisure centre	–	–
Library	5	6
RMS (formerly RTA) charges (state roads not controlled by Council)	2,730	3,742
Swimming pool	58	49
Tourism	–	13
Waste disposal tipping fees	–	–
Water connection fees	–	10
Visitor Information Centre	17	–
Other	–	–
Total fees and charges – other	2,922	3,903
TOTAL USER CHARGES AND FEES	5,812	6,014

Accounting policy for user charges and fees

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

Oberon Council

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

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	40	33
– Overdue user fees and charges	–	–
– Cash and investments	290	383
– Deferred debtors	–	–
– Other	–	–
Other	–	–
TOTAL INTEREST AND INVESTMENT REVENUE	330	416
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	22	33
General Council cash and investments	272	380
Restricted investments/funds – external:		
Development contributions		
– Section 7.11		3
– Section 64		–
Water fund operations	11	–
Sewerage fund operations	25	–
Total interest and investment revenue recognised	330	416

Accounting policy for interest and investment revenue

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

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Other revenues			
Rental income – investment property	11	–	–
Rental income – other council properties		43	38
Accident Response		8	–
Fines – animals control		16	10
Fines – other		1	–
Legal fees recovery – rates and charges (extra charges)		47	42
Legal fees recovery – other		–	19
Community transport		1	3
Distribution of Natural Gas		2	–
Diesel rebate		64	60
Discounts and rebates		–	121
FESL		–	64
Heritage		–	4
Insurance claim recoveries		3	18
Investment recovery		–	273
Misc revenue		7	2
Rental income – aged units rents		74	74
Sales – general		75	65
Youth council		1	2
Workers comp		71	64
Services NSW		52	–
CTC		4	3
		–	
<u>TOTAL OTHER REVENUE</u>		<u>468</u>	<u>862</u>

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance	–	–	–	–
Financial assistance – general component	1,655	2,199	–	–
Financial assistance – local roads component	929	1,466	–	–
Other				
Pensioners' rates subsidies – general component	54	46	–	–
Other grants	–	–	–	–
Total general purpose	2,639	3,711	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	11	11	–	–
– Sewerage	11	11	–	–
– Domestic waste management	14	8	–	–
– Other	–	–	–	–
Water supplies	–	–	–	–
Sewerage services	83	–	–	–
Aged care	–	–	–	–
Bushfire and emergency services	744	–	–	–
OLG Innovation Fund - Finance Control Centre Pro	37	–	–	–
Stronger Country Communities - Stage 1	325	–	–	–
Community infrastructure	51	69	–	–
Employment and training programs	–	3	–	–
Heritage and cultural	6	4	–	–
Library	28	27	–	–
LIRS subsidy	121	134	–	–
Noxious weeds	38	–	–	–
Restart NSW – fixing country roads	–	119	–	–
Transport – Roads to Recovery	828	944	–	–
Transport – Flood Damage	–	405	–	–
Youth week	2	1	–	–
Total specific purpose	2,299	1,736	–	–
Total grants	4,938	5,447	–	–
Grant revenue is attributable to:				
– Commonwealth funding		4,609		–
– State funding		761		–
– Other funding	4,938	77	–	–
	4,938	5,447	–	–

Oberon Council

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

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions					
Developer contributions: (s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		213	137	157	261
S 64 – water supply contributions		23	–	–	17
S 64 – sewerage service contributions		37	–	–	22
Total developer contributions – cash		273	137	157	300
Total developer contributions	26	273	137	157	300

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions (continued)				
Other contributions:				
Nil				
Cash contributions				
Nil				
Bushfire services	134	134	–	180
RMS contributions (regional roads, block grant)	1,183	770	–	–
RMS contributions – traffic facilities	60	61	–	–
Total other contributions – cash	1,377	965	–	180
Other	–	–	–	–
Total other contributions – non-cash	–	–	–	–
Total other contributions	1,377	965	–	180
Total contributions	1,650	1,102	157	480
TOTAL GRANTS AND CONTRIBUTIONS	6,588	6,549	157	480

Accounting policy for contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

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

Oberon Council

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

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	1,802	1,482
Add: operating grants recognised in the current period but not yet spent	795	477
Add: operating grants received for the provision of goods and services in a future period		–
Less: operating grants recognised in a previous reporting period now spent	(420)	(157)
Unexpended and held as restricted assets (operating grants)	<u>2,177</u>	<u>1,802</u>

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	2017
(a) Employee benefits and on-costs		
Salaries and wages	5,286	5,609
Employee termination costs	145	62
Travel expenses	30	23
Employee leave entitlements (ELE)	(40)	54
ELE on-costs	–	–
Superannuation	523	538
Superannuation – defined contribution plans	–	–
Superannuation – defined benefit plans	–	–
Workers' compensation insurance	127	151
Fringe benefit tax (FBT)	37	40
Payroll tax	–	–
Training costs (other than salaries and wages)	62	61
Sick leave insurance	–	–
Protective clothing	16	10
Medicals	2	–
Recruitment Costs	7	–
Other	–	–
Total employee costs	6,194	6,548
Less: capitalised costs	(1,021)	(957)
TOTAL EMPLOYEE COSTS EXPENSED	5,173	5,591
Number of 'full-time equivalent' employees (FTE) at year end	73	76
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	84	84

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 19 for more information.

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on overdraft		–	–
Interest on loans		165	184
Interest on advances		–	–
Charges relating to finance leases		–	–
Other debts		–	–
Total interest bearing liability costs		165	184
Less: capitalised costs		–	–
Total interest bearing liability costs expensed		165	184
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors:			
– Interest free (or favourable) loans and advances made by Council		–	–
Fair value adjustment on loans (to Council)		–	–
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	14	23	7
– Other liabilities		–	–
Interest applicable on interest free (and favourable) loans to Council		–	–
Other borrowing costs		–	–
Total other borrowing costs		23	7
TOTAL BORROWING COSTS EXPENSED		188	191

Accounting policy for borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	5,920	5,744
Contractor and consultancy costs	–	–
– Contractor and consultancy costs	–	–
– Animal control	13	13
– Asset mgt	–	11
– Building contractors	48	56
– Cleaning	50	53
– Development control	16	23
– Garbage contract	–	283
– Ground maintenance	15	21
– Integrated planning	–	–
– Other contractors	–	144
– Plant	17	9
– RFS	2	–
– Road maintenance contractors	1,566	1,539
– Sewer infrastructure	4	33
– Water infrastructure	16	131
– Revaluation Expenses	17	–
– Waste	201	–
– Noxious Weeds	31	–
Auditors remuneration ⁽²⁾	43	45
Legal expenses:		
– Legal expenses: planning and development	87	86
– Legal expenses: debt recovery	66	68
– Legal expenses: other	51	262
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	35	29
Internal auditing	6	10
Other	–	–
Total materials and contracts	8,203	8,560
Less: capitalised costs	(5,056)	(5,051)
TOTAL MATERIALS AND CONTRACTS	3,147	3,509

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1. Operating lease payments are attributable to:

Other	35	29
	35	29

Oberon Council

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

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts (continued)		
2. Auditor remuneration		
During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council – NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	43	45
Remuneration for audit and other assurance services	43	45
Total Auditor-General remuneration	43	45
Total Auditor remuneration	43	45

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		682	720
Office equipment		6	5
Furniture and fittings		6	6
Property, plant and equipment – leased		–	–
Land improvements (depreciable)		59	59
Infrastructure		–	–
Infrastructure:			
– Buildings		–	–
– Buildings – non-specialised		2	2
– Buildings – specialised		145	173
– Other structures		50	21
– Roads		1,764	1,722
– Bridges		107	107
– Footpaths		22	22
– Other road assets		–	–
– Stormwater drainage		118	117
– Water supply network		258	177
– Sewerage network		292	121
– Swimming pools		30	39
– Other open space/recreational assets		41	29
– Other infrastructure		–	–
Other assets:			
– Heritage collections		–	–
– Library books		10	5
– Other		5	5
Other assets		–	–
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	10 & 14	1	1
– Quarry assets	10 & 14	2	2
– Other remediation assets	10 & 14	–	–
Intangible assets	12	–	–
Total gross depreciation and amortisation costs		3,600	3,333
Less: capitalised costs		–	–
Total depreciation and amortisation costs		3,600	3,333
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u>		<u>3,600</u>	<u>3,333</u>

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 12 for intangible assets.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Impairment of financial assets

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

Oberon Council

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

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Advertising	47	51
Bad and doubtful debts	–	–
Bank charges	23	23
DO NOT USE: Carbon tax expense	–	–
Cleaning	–	–
Cost of sales	–	–
Community transport – disbursement of assets	–	–
Computer software charges	331	274
Contributions/levies to other levels of government	–	–
– Bushfire fighting fund	–	–
– Department of planning levy	–	–
– Emergency services levy (includes FRNSW, SES, and RFS levies)	9	8
– NSW fire brigade levy	17	16
– NSW rural fire service levy	251	244
– Upper Macquarie County Council	101	109
Councillor expenses – mayoral fee	24	23
Councillor expenses – councillors' fees	95	89
Councillors' expenses (incl. mayor) – other (excluding fees above)	31	28
Donations, contributions and assistance to other organisations (Section 356)	25	25
Election expenses	37	–
Electricity and heating	128	103
Engineering/Finance/Development Consultants	410	446
FESL	–	12
Hardware expensed	8	15
Heritage	14	15
Insurance	369	391
Office expenses (including computer expenses)	4	44
Postage	26	25
Printing and stationery	92	74
Rates and charges	70	77
Street lighting	95	79
Subscriptions and publications	69	61
Telephone and communications	91	88
Vehicle registration	74	74
Other	9	2
Total other expenses	2,449	2,396
Less: capitalised costs	–	–
TOTAL OTHER EXPENSES	2,449	2,396

Accounting policy for other expenses

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

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Nil			
Property (excl. investment property)	10		
Proceeds from disposal – property		780	–
Less: carrying amount of property assets sold/written off		(1,332)	–
Net gain/(loss) on disposal		(552)	–
Plant and equipment	10		
Proceeds from disposal – plant and equipment		383	124
Less: carrying amount of plant and equipment assets sold/written off		(64)	(156)
Net gain/(loss) on disposal		319	(32)
Infrastructure	10		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		–	–
Net gain/(loss) on disposal		–	–
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		140	160
Less: carrying amount of real estate assets sold/written off		(28)	(86)
Net gain/(loss) on disposal		112	74
Investment property	11		
Proceeds from disposal – investment property		–	–
Less: carrying amount of investment property sold/written off		–	–
Net gain/(loss) on disposal		–	–
Financial assets ⁽¹⁾	6		
Proceeds from disposal/redemptions/maturities – financial assets		14,300	12,800
Less: carrying amount of financial assets sold/redeemed/matured		(14,300)	(12,800)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(121)	42

Accounting policy for disposal of assets

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

Oberon Council

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

Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
Cash and cash equivalents		
Cash on hand and at bank	532	954
Cash-equivalent assets		
– Deposits at call	500	703
– Other financial assets	–	–
Total cash and cash equivalents	1,032	1,657

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
Investments				
a. 'At fair value through the profit and loss'				
– 'Held for trading'	–	–	–	–
– 'Designated at fair value on initial recognition'				
b. 'Held to maturity'	14,300	–	11,800	–
c. 'Loans and receivables'	–	–	–	–
d. 'Available for sale'	–	–	–	–
Total investments	14,300	–	11,800	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS				
	15,332	–	13,457	–
Held to maturity investments				
Managed funds	–	–	–	–
Long term deposits	14,300	–	11,100	–
Other long term financial assets	–	–	700	–
Total	14,300	–	11,800	–

Accounting policy for investments

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

(b) Held to maturity investments

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

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

(d) Available for sale financial assets

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

Recognition and de-recognition

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

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

Impairment of available for sale investments

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

Oberon Council

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

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

\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
Total cash, cash equivalents and investments	15,332	–	13,457	–
attributable to:				
External restrictions (refer below)	7,981	–	6,699	–
Internal restrictions (refer below)	7,002	–	6,041	–
Unrestricted	349	–	717	–
	15,332	–	13,457	–

\$ '000	2018	2017
Details of restrictions		
External restrictions – other		
Nil		
Developer contributions	1,749	1,700
Specific purpose unexpended grants	428	99
Water supplies	871	370
Sewerage services	3,282	2,650
Domestic waste management	559	259
Town improvements	1,092	692
Other LIRS loan		929
Other		–
External restrictions – other	7,981	6,699
Total external restrictions	7,981	6,699

Oberon Council

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

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

\$ '000	2018	2017
Internal restrictions		
Plant and vehicle replacement	411	411
Infrastructure replacement	–	–
Employees leave entitlement	1,047	1,047
Carry over works	–	–
Deposits, retentions and bonds	–	–
Cemetery plaques	11	11
Community grants	278	255
Community centre	10	10
Community technology centre	8	8
Election	26	26
Engineering instruments	56	49
FAG – 50% 2017-18	1,309	1,247
Finance	58	40
Garbage depot	850	850
Gravel pits	150	150
Land development	1,041	902
Library	15	15
Office equipment	29	37
Rail crossings update	38	38
Residential dwellings	27	27
Road construction	745	745
Self care units	829	109
Swimming pool	57	57
Tourism	7	7
Other	–	–
Total internal restrictions	7,002	6,041
TOTAL RESTRICTIONS	14,983	12,740

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	442	–	364	–
Interest and extra charges	49	–	65	–
User charges and fees	804	–	252	–
Private works	37	–	47	–
Accrued revenues				
– Interest on investments	146	–	141	–
Net GST receivable	80	–	109	–
Other debtors	–	–	–	–
Total	1,558	–	978	–
Less: provision for impairment				
User charges and fees	–	–	(2)	–
Other debtors	–	–	–	–
Total provision for impairment – receivables	–	–	(2)	–
<u>TOTAL NET RECEIVABLES</u>	<u>1,558</u>	<u>–</u>	<u>976</u>	<u>–</u>
Externally restricted receivables				
Water supply				
– Rates and availability charges	45	–	41	–
– Other	228	–	68	–
Sewerage services				
– Rates and availability charges	67	–	67	–
– Other	87	–	37	–
Total external restrictions	427	–	213	–
Internally restricted receivables				
Nil	–	–	–	–
Internally restricted receivables	–	–	–	–
Unrestricted receivables	1,131	–	763	–
<u>TOTAL NET RECEIVABLES</u>	<u>1,558</u>	<u>–</u>	<u>976</u>	<u>–</u>

Accounting policy for receivables**Recognition and measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Impairment

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Oberon Council

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

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale (refer below)	546	–	169	492
Stores and materials	428	–	279	–
Trading stock	12	–	10	–
Loose tools	–	–	–	–
Other	–	–	–	–
Total inventories at cost	987	–	458	492
TOTAL INVENTORIES	987	–	458	492
(b) Other assets				
Prepayments	86	–	7	–
Shares in unlisted companies – StateCover	–	–	–	–
Work in progress	–	–	–	–
Other	–	–	–	–
TOTAL OTHER ASSETS	86	–	7	–
Externally restricted assets				
Water				
Nil	–	–	–	–
Stores and materials	–	115	–	–
Trading stock	–	–	–	–
Prepayments	–	–	–	–
Total water	–	115	–	–
Sewerage				
Nil	–	–	–	–
Stores and materials	–	205	–	–
Trading stock	–	–	–	–
Prepayments	–	–	–	–
Total sewerage	–	205	–	–
Total externally restricted assets	–	320	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	1,073	(320)	465	492
TOTAL INVENTORIES AND OTHER ASSETS	1,073	–	465	492

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 8. Inventories and other assets (continued)

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current
(i) Other disclosures					
(a) Details for real estate development					
Residential		546	–	169	492
Total real estate for resale		546	–	169	492
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		546	–	169	492
Total costs		546	–	169	492
Less: provision for under recovery				–	–
Total real estate for resale		546	–	169	492
Movements:					
Real estate assets at beginning of the year		169	492	286	293
– Purchases and other costs		405	(492)	(31)	199
– Transfers in from (out to) Note 10		–		–	–
– WDV of sales (expense)	5	(28)		(86)	–
– Transfer between current/non-current				–	–
– Other				–	–
Total real estate for resale		546	–	169	492

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

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

	2018	2017
Real estate for resale		492
Other		–
	–	492

Accounting policy**Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Unaudited

Oberon Council

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

Note 9. Non-current assets classified as held for sale (and disposal groups)

\$ '000				
\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
Council did not classify any non-current assets or disposal groups as 'held for sale'.				

Oberon Council

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

Note 10(a). Infrastructure, property, plant and equipment

Asset class	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
\$ '000															
Capital work in progress	240	–	240				–	647				887	–	887	
Plant and equipment	11,275	5,537	5,738		1,330	(64)	(682)					12,540	6,218	6,322	
Office equipment	312	264	48				(6)					312	270	42	
Furniture and fittings	248	228	20				(6)					248	234	14	
Plant and equipment (under finance lease)	–	–	–				–					–	–	–	
Land:															
– Operational land	5,274	–	5,274				–					5,274	–	5,274	
– Community land	8,476	–	8,476				–					8,476	–	8,476	
– Land under roads (pre 1/7/08)	–	–	–				–					–	–	–	
– Land under roads (post 30/6/08)	8,363	–	8,363				–			(355)		8,008	–	8,008	
Land improvements – non-depreciable	80	–	80				–					80	–	80	
Land improvements – depreciable	1,019	760	259				(59)					1,019	819	200	
Infrastructure:															
– Buildings	–	–	–				–					–	–	–	
– Buildings – non-specialised	243	75	168				(2)				(12)	153	–	153	
– Buildings – specialised	18,411	2,574	15,837	843		(1,332)	(145)				(2,048)	22,081	8,925	13,156	
– Other structures	920	236	684	106			(50)				1,191	2,649	717	1,932	
– Roads	194,791	31,955	162,836	3,064			(1,764)		(7)			197,847	33,718	164,129	
– Bridges	10,747	674	10,073				(107)					10,747	782	9,965	
– Footpaths	3,415	489	2,926				(22)					3,460	554	2,906	
– Other road assets	–	–	–				–					–	–	–	
– Bulk earthworks (non-depreciable)	31,627	–	31,627				–					31,627	–	31,627	
– Stormwater drainage	10,619	3,282	7,337				(118)					10,855	3,636	7,219	
– Water supply network	12,916	4,576	8,340	60			(258)				118	13,160	4,901	8,259	
– Sewerage network	20,232	11,072	9,160				(292)				123	20,513	11,523	8,990	
– Swimming pools	1,568	687	881				(30)				(13)	1,049	210	839	
– Other open space/recreational assets	968	254	714				(41)				168	1,136	296	840	
– Other infrastructure	–	–	–				–					–	–	–	
Other assets:															
– Heritage collections	–	–	–				–					–	–	–	
– Library books	338	309	29	15			(10)					352	319	33	
– Other	66	57	9				(5)					66	61	5	
Reinstatement, rehabilitation and restoration assets (refer Note 14):															
– Tip assets	28	10	18				(1)					28	10	18	
– Quarry assets	57	14	43				(2)					57	17	40	
– Other remediation assets	–	–	–				–					–	–	–	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	342,233	63,053	279,180	4,088	1,330	(1,396)	(3,600)	647	(7)	(355)	(473)	352,624	73,210	279,414	

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

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least 5 yearly, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40		

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

Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

Crown reserves

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

Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will/will not recognise rural fire service assets including land, buildings, plant and vehicles.

Oberon Council

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

Note 10(b). Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	115		115	–	–	–
Plant and equipment	57	27	31	75	41	34
Furniture and fittings	4	4	1	4	4	–
Land						
– Operational land			–	–	–	–
– Community land			–	–	–	–
– Improvements non-depreciable			–	–	–	–
– Improvements – depreciable			–	–	–	–
Buildings	339	28	311	339	28	311
Other structures			–			–
Infrastructure	13,156	4,901	8,255	12,916	4,576	8,340
Other assets			–			–
Total water supply	13,671	4,960	8,711	13,334	4,649	8,684
Sewerage services						
WIP	205		205	–	–	–
Plant and equipment	502	258	244	502	240	262
Office equipment			–	–	–	–
Furniture and fittings			–	–	–	–
Land						
– Operational land			–	–	–	–
– Community land			–	–	–	–
– Improvements non-depreciable			–	–	–	–
– Improvements – depreciable			–	–	–	–
Buildings	219	26	193	219	26	193
Other structures			–			–
Infrastructure	20,514	11,529	8,985	20,245	11,072	9,173
Other assets			–	–	–	–
Total sewerage services	21,440	11,812	9,627	20,966	11,338	9,628
Domestic waste management						
WIP			–	–	–	–
Plant and equipment			–	–	–	–
Furniture and fittings			–	–	–	–
Land						
– Operational land	969		969	969	–	969
– Community land			–	–	–	–
– Improvements non-depreciable			–	–	–	–
– Improvements – depreciable	52	11	41	52	10	42
Buildings			–	–	–	–
Other structures	30	9	21	30	9	21
Infrastructure			–	–	–	–
Mobile garbage bins	65	60	6	65	56	9
Other assets			–	–	–	–
Total DWM	1,116	79	1,037	1,116	75	1,041
TOTAL RESTRICTED IPP&E	36,227	16,852	19,375	35,416	16,062	19,354

Oberon Council

Notes to the Financial Statements
for the year ended 30 June 2018Note 10(c). Infrastructure, property, plant and equipment – current year
impairments

\$ '000	Notes	2018	2017
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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Unaudited

Oberon Council

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

Note 11. Investment property

\$ '000	2018	2017
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Council has not classified any land or buildings as 'investment property'.

Unaudited

Oberon Council

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

Note 12. Intangible assets

\$ '000	2018	2017
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Intangible assets represent identifiable non-monetary assets without physical substance.

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

Unaudited

Oberon Council

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

Note 13. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Nil				
Goods and services – operating expenditure	249	–	344	–
Goods and services – capital expenditure	–	–	–	–
Accrued expenses:				
– Borrowings	–	–	–	–
– Interest	52	–	44	–
– Salaries and wages	145	–	113	–
– Salary RDO accruals	73	–	69	–
– Workers Compensation on ELE's	35	1	35	1
– Other expenditure accruals	8	–	67	–
Advances	–	–	–	–
Security bonds, deposits and retentions	171	–	55	–
ATO – net GST payable	–	–	–	–
Superannuation	–	–	9	–
RFS	–	–	31	–
Other	–	–	–	–
Total payables	732	1	767	1
Income received in advance				
Nil				
Payments received in advance	109	–	84	–
Other	–	–	–	–
Total income received in advance	109	–	84	–
Borrowings				
Nil				
Bank overdraft	–	–	–	–
Loans – secured ¹	465	3,291	445	3,756
Loans – unsecured	–	–	–	–
Government advances	–	–	–	–
Ratepayers' advances	–	–	–	–
Finance lease liabilities	–	–	–	–
Deferred payment liabilities	–	–	–	–
Other	–	–	–	–
Total borrowings	465	3,291	445	3,756
TOTAL PAYABLES AND BORROWINGS	1,305	3,292	1,296	3,757

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Nil				
Water	33	–	–	–
Sewer	31	–	–	–
Domestic waste management			–	–
Other	–	–	–	–
Payables and borrowings relating to externally restricted assets	64	–	–	–
Internally restricted assets				
Nil				
Payables and borrowings relating to internally restricted assets	–	–	–	–
Total payables and borrowings relating to restricted assets	64	–	–	–
Total payables and borrowings relating to unrestricted assets	1,241	3,292	1,296	3,757
TOTAL PAYABLES AND BORROWINGS	1,305	3,292	1,296	3,757

¹: Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Payables and borrowings (continued)

\$ '000	2018	2017
(b) Current payables and borrowings not anticipated to be settled within the next twelve months		
Nil		
The following payables and borrowings, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	158	–
	158	–

Accounting policy for payables and borrowings**Payables**

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

Finance leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Oberon Council

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

Note 14. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	536	–	546	–
Sick leave	–	–	–	–
Long service leave	824	34	799	67
Gratuities	–	–	–	–
Superannuation	64	1	62	4
ELE on-costs	–	–	–	–
Sub-total – aggregate employee benefits	1,423	35	1,407	71
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	280	–	258
Sub-total – asset remediation/restoration	–	280	–	258
TOTAL PROVISIONS	1,423	315	1,407	329

(a) Provisions relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	33	–	32	–
Sewer	31	–	31	–
Provisions relating to externally restricted assets	64	–	63	–
Total provisions relating to restricted assets	64	–	63	–
Total provisions relating to unrestricted assets	1,360	315	1,344	329
TOTAL PROVISIONS	1,423	315	1,407	329

\$ '000	2018	2017
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(b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	1,016	1,007
	1,016	1,007

Oberon Council

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

Note 14. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	Other provisions			Total
	Self-insurance	Asset remediation		
At beginning of year	–	258		258
Changes to provision:				
Unwinding of discount		23		23
Total other provisions at end of year	–	–	280	280

2017	Other provisions			Total
	Self-insurance	Asset remediation		
At beginning of year		251		251
Unwinding of discount		7		7
Total other provisions at end of year	–	–	258	258

Nature and purpose of non-employee benefit provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

Accounting policy for provisions

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

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

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and 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. The 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

Rehabilitation

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 reporting 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 unwinding 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.

Other movements in the provisions for close down and restoration 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.

Close down and restoration 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.

Self-insurance

Council has decided to self-insure for various risks, including public liability and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note 6(c).

Unaudited

Oberon Council

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

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Available for sale financial investments revaluation reserve

The available for sale financial investments revaluation reserve is used to account for the fair value movements in all financial assets so classified that remain on hand at year end.

Upon sale, amounts in reserves are recognised in the Income Statement (in full) by way of transfer from the reserve.

Oberon Council

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

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000

(b) Correction of errors relating to a previous reporting period

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

Unaudited

Oberon Council

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

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000

(c) Voluntary changes in accounting policies

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

Unaudited

Oberon Council

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

Note 16. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	1,032	1,657
Less bank overdraft	13	–	–
Balance as per the Statement of Cash Flows		1,032	1,657
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		4,088	4,435
Adjust for non-cash items:			
Depreciation and amortisation		3,600	3,333
Net losses/(gains) on disposal of assets		121	(43)
Non-cash capital grants and contributions		–	–
Impairment losses recognition – investments		–	–
Investment income relating to 'available for sale' investments sold		–	–
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L		–	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		–	–
– investment property		–	–
– Favourable financial liabilities (i.e. initial recognition at fair value)		–	–
– Fair valuation adjustment (re-measurement) of existing loans to Council		–	–
– Interest-free advances made by Council (deferred debtors)		–	–
– Revaluation decrements / impairments of IPP&E direct to P&L		–	–
– Other (enter details...)		–	–
Amortisation of premiums, discounts and prior period fair valuations			
– 'Held to maturity' financial assets		–	–
– Interest on all fair value adjusted interest free advances made by Council		–	–
– Interest exp. on interest-free loans received by Council (previously fair value)		–	–
Unwinding of discount rates on reinstatement provisions		23	7
Share of net (profits) or losses of associates/joint ventures		–	–
Net loss/(gain) on Council restructure/amalgamations (excluding cash)		–	–
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(580)	91
Increase/(decrease) in provision for doubtful debts		(2)	(0)
Decrease/(increase) in inventories		(151)	(9)
Decrease/(increase) in other assets		(79)	6
Increase/(decrease) in payables		(95)	113
Increase/(decrease) in accrued interest payable		–	–
Increase/(decrease) in other accrued expenses payable		(28)	(112)
Increase/(decrease) in other liabilities		112	111
Increase/(decrease) in employee leave entitlements		(20)	53
Increase/(decrease) in other provisions		(1)	0
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		6,989	7,982

(c) Non-cash investing and financing activities

Nil			
Acquisition of plant and equipment by means of finance lease			—
Subsidised works (sewer scheme)			—
PwD construction			—
Bushfire grants			—
Developer contributions 'in kind'			—
Other dedications			—
Other non-cash items (enter details...)			—
Other non-cash items (enter details...)			—
Total non-cash investing and financing activities			—

(d) Net cash flows attributable to discontinued operations

Please refer to Note 22 for details of cash flows that relate to discontinued operations

Unaudited

Oberon Council

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

Note 17. Interests in other entities

\$ '000

Council is a member of the following county councils (which are bodies incorporated under the Local Government Act 1995):

Upper Macquarie County Council

Noxious Weeds Control Authority 4 Constituent Councils - Oberon, Blayney, Lithgow and Bathurst

Council is of the opinion that it has significant influence over the County Council and has deemed it as an Associate.

	Aggregate carrying amount of Council's Share		Aggregate carrying amount of net assets	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017
Upper Macquarie County Council	-	-	-	-
Associates	-	-	-	-
Total	-	-	-	-

Council is currently waiting for 2017-18 Statements

Oberon Council

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

Note 18. Commitments for expenditure

\$ '000	2018	2017
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(a) Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: NIL

NIL

Unaudited

Oberon Council

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

Note 18. Commitments for expenditure (continued)

\$ '000	2018	2017
(b) Finance lease commitments		
(i) Commitments under finance leases at the reporting date are payable as follows:		
Within the next year		4
Later than one year and not later than 5 years		-
Later than 5 years		-
Total minimum lease payments	-	4
Less: future finance charges		-
Amount recognised as a liability	-	4

Oberon Council

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

Note 19. Contingencies and other liabilities/assets not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

Oberon Council

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

Note 19. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):**1. Guarantees** (continued)**(iii) StateCover Limited** (continued)

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

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

(iv) Other guarantees

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

2. Other liabilities**(i) Third party claims**

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

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

Oberon Council

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

Note 20. Financial risk management

\$ '000

Risk management

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

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2018	2017	2018	2017
Financial assets				
Cash and cash equivalents	1,032	1,657	1,032	1,657
Investments				
– 'Held to maturity'	14,300	11,800	14,300	11,800
Receivables	1,558	976	1,558	975
Other financial assets	–	–	–	–
Total financial assets	16,890	14,433	16,890	14,432
Financial liabilities				
Payables	733	768	576	642
Loans/advances	3,755	4,201	3,755	4,201
Total financial liabilities	4,488	4,969	4,331	4,843

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity** investments – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Financial risk management (continued)

\$ '000

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

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – price risk and interest rate risk

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 10% movement in market values	75	75	(75)	(75)
Possible impact of a 1% movement in interest rates	90	90	(90)	(90)
2017				
Possible impact of a 10% movement in market values	75	75	(75)	(75)
Possible impact of a 1% movement in interest rates	91	91	(90)	(90)

Oberon Council

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

Note 20. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	100%	100%	74%	91%
Overdue			26%	9%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

	2018	2017
(ii) Ageing of receivables – value		
Rates and annual charges		
Current	342	268
< 1 year overdue	9	9
1 – 2 years overdue	5	11
2 – 5 years overdue	31	20
> 5 years overdue	55	55
	<u>442</u>	<u>364</u>
Other receivables		
Current	847	523
0 – 30 days overdue	204	80
31 – 60 days overdue	18	–
61 – 90 days overdue	34	4
> 91 days overdue	13	7
	<u>1,116</u>	<u>614</u>

Oberon Council

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

Note 20. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
2018							
Trade/other payables		171	476	42		689	733
Loans and advances	3.60%		446	2,649	660	3,755	3,755
Total financial liabilities		171	922	2,691	660	4,444	4,488
2017							
Trade/other payables		55	677	36		768	768
Loans and advances	4.28%		449	1,992	1,760	4,201	4,201
Total financial liabilities		55	1,126	2,028	1,760	4,969	4,969

Loan agreement breaches

NIL

Oberon Council

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

Note 21. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on dd/mm/yy and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 Variance*	-----	-----
REVENUES					
Rates and annual charges	5,304	5,411	107	2%	F
User charges and fees	4,734	5,812	1,078	23%	F
Drought conditions has resulted in increased water usage					
Interest and investment revenue	371	330	(41)	(11%)	U
A result of a change in the in the S&P credit ratings as well as a slight decrease in BBSW points and a reduction in interest yeilds available has see a decrease in interest revenue					
Other revenues	505	468	(36)	(7%)	U
Original budget included provision for FESL reimbursment which was subsequently removed by the NSW State Government					
Operating grants and contributions	5,220	6,588	1,368	26%	F
Round 1 of Stronger Country Communities Fund not budgeted plus the movement in 2017-18 and 2018-19 FAG advanced payment					
Capital grants and contributions	165	157	(7)	(4%)	U
Net gains from disposal of assets	350	–	(350)	(100%)	U
The write off of the residual value from the sale of a council building exceeded the sale price which resulted in a loss from disposal of assets.					

Oberon Council

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

Note 21. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 Variance*	
EXPENSES				
Employee benefits and on-costs	5,393	5,173	219	4% F
Borrowing costs	200	188	12	6% F
Materials and contracts	2,337	3,147	(810)	(35%) U
Increase in water purchases due to drought, increased costs in purchase of chemicals for sewer plant as well as costs relating to the Round 1 of Stronger Country Communities Fund				
Depreciation and amortisation	3,222	3,600	(377)	(12%) U
Revaluation of Buildings plus water and sewer incrementation increase has seen an increase in depreciation over the live of the assets				
Impairment of investments	-	-	-	0% F
Other expenses	2,474	2,449	25	1% F
Net losses from disposal of assets	-	121	(121)	0% U
The write off of the residual value from the sale of a council building exceeded the sale price which resulted in a loss from disposal of assets.				

Oberon Council

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

Note 21. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
Budget variations relating to Council's Cash Flow Statement include:					
Cash flows from operating activities	6,867	6,989	121	1.8%	F
Cash flows from investing activities	(6,000)	(7,168)	(1,168)	19.5%	U
Cash flows from financing activities	(460)	(446)	14	(3.1%)	F

Oberon Council

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

Note 22. Discontinued operations

\$ '000	Notes	2018	2017
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Council has not classified any of its operations as 'discontinued'.

Unaudited

Oberon Council

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

Note 23. 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
- Investment property
- Financial assets and liabilities

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

2018	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– 'Held for trading'	30/06/18		14,300		14,300
– 'Held for maturity'	30/06/18				–
Receivables	30/06/18		1,558		1,558
Total financial assets		–	15,858	–	15,858
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/18			6,322	6,322
Office equipment	30/06/18			42	42
Furniture and fittings	30/06/18			14	14
Operational land	30/06/18			5,274	5,274
Community land	30/06/18			8,476	8,476
Land improvements	30/06/18			278	278
Buildings	30/06/18			13,309	13,309
Other structures	30/06/18			1,931	1,931
Land under roads	30/06/18			8,008	8,008
Bulk earth works	30/06/18			31,627	31,627
Roads	30/06/18			164,128	164,128
Bridges	30/06/18			9,965	9,965
Footpaths	30/06/18			2,905	2,905
Stormwater drainage	30/06/18			7,219	7,219
Water supply network	30/06/18			8,259	8,259
Sewerage network	30/06/18			8,990	8,990
Swimming pools	30/06/18			839	839
Open space/recreation assets	30/06/18			840	840
Library books and other	30/06/18			19	19
Gravel pits	30/06/18			57	57
Garbage tips	30/06/18			18	18
Other	30/06/18			5	5
Total infrastructure, property, plant and equipment		–	–	278,525	278,525

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’	30/06/17		11,100		11,100
– ‘Held for maturity’	30/06/17		700		700
Receivables	30/06/17		975		975
Total financial assets		–	12,775	–	12,775
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/15			5,739	5,739
Office equipment	30/06/15			48	48
Furniture and fittings	30/06/15			20	20
Operational land	30/06/16			5,274	5,274
Community land	30/06/16			8,476	8,476
Land improvements	30/06/16			339	339
Buildings	30/06/16			16,005	16,005
Other structures	30/06/16			684	684
Land under roads	30/06/16			8,363	8,363
Bulk earth works	30/06/15			31,627	31,627
Roads	30/06/15			162,837	162,837
Bridges	30/06/15			10,072	10,072
Footpaths	30/06/15			2,927	2,927
Street furniture	dd/mm/yy				–
Kerb and gutter	dd/mm/yy				–
Stormwater drainage	30/06/15			7,337	7,337
Water supply network	30/06/17			8,337	8,337
Sewerage network	30/06/17			9,160	9,160
Swimming pools	30/06/16			881	881
Open space/recreation assets	30/06/16			714	714
Library books and other	30/06/15			29	29
Gravel pits	30/06/15			42	42
Garbage tips	30/06/15			18	18
Other	30/06/15			9	9
Total infrastructure, property, plant and equipment		–	–	278,938	278,938

Oberon Council

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

Note 24. Related party transactions

 \$ '000

a. Key management personnel

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

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

Compensation:	2018	2017
Short-term benefits	855	1,034
Other long-term benefits	254	299
Termination benefits		41
Total	1,109	1,374

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24. Related party transactions (continued)

b. Other transactions with KMP and their related parties

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

Nature of the transaction		Value of transactions during year	Outstanding balance	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	(incl. loans and commitments) Actual \$		Actual \$	Actual \$
2018						
Oberon Concrete	#	15		At arms length market value		
Oberon Earthmoving	#	134		At arms length market value		

Oberon Council

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

Note 25. Events occurring after the reporting date

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

Unaudited

Oberon Council

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

Note 26. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	89	13	–	–	–	–	102	–
Roads	432	149	–	–	(40)	–	541	–
Traffic facilities	–	–	–	–	–	–	–	–
Parking	–	–	–	–	–	–	–	–
Open space	26	9	–	–	–	–	35	–
Community facilities	28	9	–	–	–	–	37	–
Emergency services	224	11	–	–	–	–	235	–
Other	–	–	–	–	–	–	–	–
S7.11 contributions – under a plan	799	191	–	–	(40)	–	950	–
S7.12 levies – under a plan	–	–	–	–	–	–	–	–
Total S7.11 and S7.12 revenue under plans	799	191	–	–	(40)	–	950	–
S7.11 not under plans	704	181	–	1	(345)	–	541	–
S7.4 planning agreements	–	–	–	–	–	–	–	–
S64 contributions	196	60	–	1	–	–	257	–
Total contributions	1,700	432	–	2	(385)	–	1,749	–

Oberon Council

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

Note 26. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 – URBAN DEVELOPMENT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	89	13					102	
Roads	251	49					300	
Traffic facilities	–						–	
Parking	–						–	
Open space	7	4					11	
Community facilities	7	4					11	
Emergency services	105	5					110	
Other	–						–	
Total	459	75	–	–	–	–	534	–

CONTRIBUTION PLAN NUMBER 2 – RURAL DEVELOPMENT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	–						–	
Roads	182	100			(40)		242	
Traffic facilities	–						–	
Parking	–						–	
Open space	19	5					24	
Community facilities	21	5					26	
Emergency services	119	6					125	
Other	–						–	
Total	341	116	–	–	(40)	–	417	–

Oberon Council

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

Note 26. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	-						-	
Roads	704	181		1	(345)		541	
Traffic facilities	-						-	
Parking	-						-	
Open space	-						-	
Community facilities	-						-	
Other	-						-	
Total	704	181	-	1	(345)	-	541	-

Oberon Council

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

Note 26. Statement of developer contributions

Council currently has no S7.11 Developer Contribution Plans or S7.11 Funds on hand from prior years.

Unaudited

Oberon Council

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

Note 27. Financial result and financial position by fund

\$ '000				
Income Statement by fund				
\$ '000	2018	2018	2018	2018
	Other	Water	Sewer	General ¹
Continuing operations				
Income from continuing operations				
Rates and annual charges		445	715	4,251
User charges and fees		1,551	462	3,800
Interest and investment revenue		11	25	293
Other revenues		–	–	468
Grants and contributions provided for operating purposes		34	93	6,460
Grants and contributions provided for capital purposes		–	37	120
Total income from continuing operations	–	2,042	1,333	15,391
Expenses from continuing operations				
Employee benefits and on-costs		296	153	4,724
Borrowing costs		–	–	188
Materials and contracts		184	127	2,835
Depreciation and amortisation		263	312	3,024
Impairment of investments		–	–	–
Other expenses		721	179	1,549
Interest and investment losses		–	–	–
Net losses from the disposal of assets		–	–	121
Total expenses from continuing operations	–	1,465	772	12,441
Operating result from continuing operations	–	577	561	2,950
Discontinued operations				
Net profit/(loss) from discontinued operations		–	–	–
Net operating result for the year	–	577	561	2,950
Net operating result attributable to each council fund	–	577	561	2,950
Net operating result attributable to non-controlling interests	–	–	–	–
Net operating result for the year before grants and contributions provided for capital purposes	–	577	524	2,830

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

* Other represents ADD DESCRIPTION HERE...

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

Oberon Council

Notes to the Financial Statements

as at 30 June 2018

Note 27. Financial result and financial position by fund (continued)

\$ '000				
Statement of Financial Position by fund				
\$ '000	2018	2018	2018	2018
	Other	Water	Sewer	General ¹
ASSETS				
Current assets				
Cash and cash equivalents		871	1,782	(1,621)
Investments		–	1,500	12,800
Receivables		273	154	1,131
Inventories		–	–	987
Other		–	–	86
Non-current assets classified as 'held for sale'		–	–	–
Total current assets	–	1,144	3,436	13,383
Non-current assets				
Infrastructure, property, plant and equipment		8,711	9,627	261,076
Other		–	–	–
Total non-current assets	–	8,711	9,627	261,076
TOTAL ASSETS	–	9,855	13,063	274,459
LIABILITIES				
Current liabilities				
Payables		–	–	732
Income received in advance		–	–	109
Borrowings		–	–	465
Provisions		33	31	1,360
Liabilities associated with assets classified as 'held for sale'		–	–	–
Total current liabilities	–	33	31	2,665
Non-current liabilities				
Payables		–	–	(0)
Income received in advance		–	–	–
Borrowings		–	–	3,291
Provisions		–	–	315
Investments accounted for using the equity method		–	–	–
Liabilities associated with assets classified as 'held for sale'		–	–	–
Total non-current liabilities	–	–	–	3,606
TOTAL LIABILITIES	–	33	31	6,271
Net assets	–	9,822	13,032	268,188
EQUITY				
Accumulated surplus		5,546	6,837	124,071
Revaluation reserves		4,276	6,195	144,117
Other reserves		–	–	–
Council equity interest	–	9,822	13,032	268,188
Non-controlling interests	–	–	–	–
Total equity	–	9,822	13,032	268,188

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

* Other represents ADD DESCRIPTION HERE...

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

Oberon Council

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

Note 28(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods 2017	2016	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>4,051</u>	21.77%	20.66%	20.55%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>18,609</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>12,021</u>	64.06%	63.79%	61.99%	> 60.00%
Total continuing operating revenue ⁽¹⁾	<u>18,766</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>9,555</u>	6.69x	4.59x	3.43x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>1,428</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>7,839</u>	12.38x	12.03x	12.48x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>633</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>492</u>	8.29%	7.69%	7.88%	10%
Rates, annual and extra charges collectible	<u>5,927</u>				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>15,332</u>	14.50 mths	11.8 mths	11.0 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>1,058</u>				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Notes 13 and 14.

⁽⁴⁾ Refer to Note 13(b) and 14(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 28(b). Statement of performance measures – by fund

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses							
	19.88%	21.91%	27.45%	-5.91%	36.37%	38.94%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
	57.25%	58.57%	98.34%	98.12%	90.20%	96.99%	> 60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
	6.69x	4.59x	34.99x	15.20x	111.26x	89.20x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)							

Notes

(1) - (4) Refer to Notes at Note 28a above.

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

Oberon Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 28(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation							
<hr/>							
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
	9.90x	10.98x	0.00x	0.00x	0.00x	0.00x	> 2x
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding							
<hr/>							
Rates, annual and extra charges collectible							
	7.97%	7.28%	10.18%	9.00%	9.30%	9.36%	< 10% regional & rural
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits							
<hr/>							
Payments from cash flow of operating and financing activities							
	11.99 months	9.43 months	0.00 months	0.00 months	0.00 months	0.00 months	> 3 months

Notes

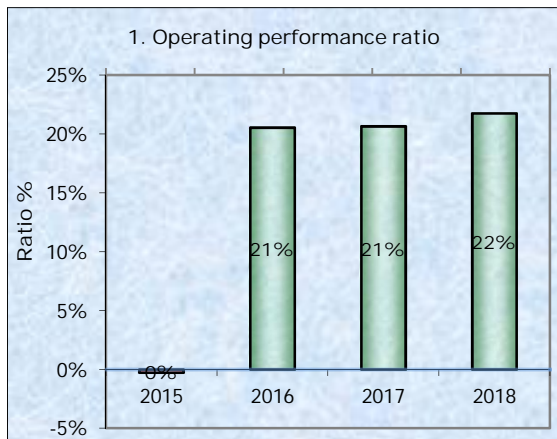
(1) Refer to Notes at Note 28a above.

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

Oberon Council

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

Note 28(c). Statement of performance measures – consolidated results (graphs)



Purpose of operating performance ratio

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

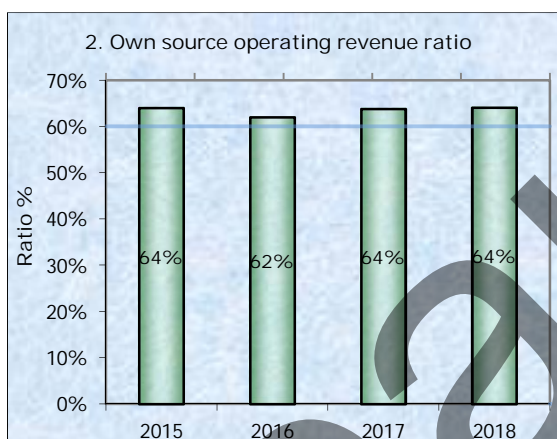
Commentary on 2017/18 result

2017/18 ratio 21.77%

Council has been consistent over the last 3 years in achieving a positive operational performance ratio due to the Special Rates Variation and continued RMS Private Works

Benchmark: Minimum $\geq 0.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

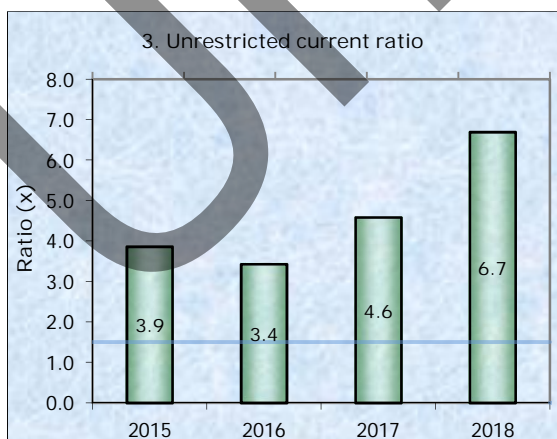
Commentary on 2017/18 result

2017/18 ratio 64.06%

Again a result of continuing RMS Private Works and the Special Rates Variation which continues to see Council achieve the required benchmark of 60% and above

Benchmark: Minimum $\geq 60.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of unrestricted current ratio

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

Commentary on 2017/18 result

2017/18 ratio 6.69x

Council's unrestricted ratio remains above the benchmark, indicating it has sufficient liquidity to cover short term obligations.

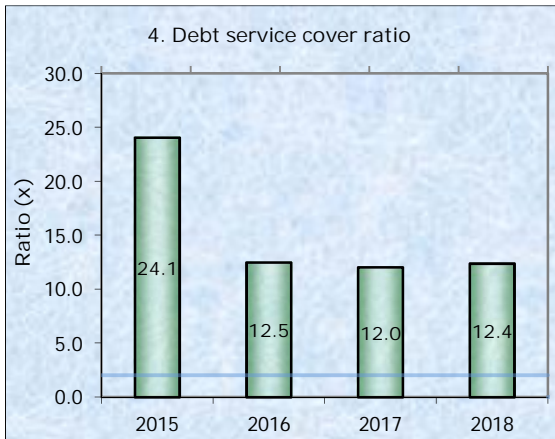
Benchmark: Minimum ≥ 1.50
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark

Oberon Council

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

Note 28(c). Statement of performance measures – consolidated results (graphs)



Purpose of debt service cover ratio

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

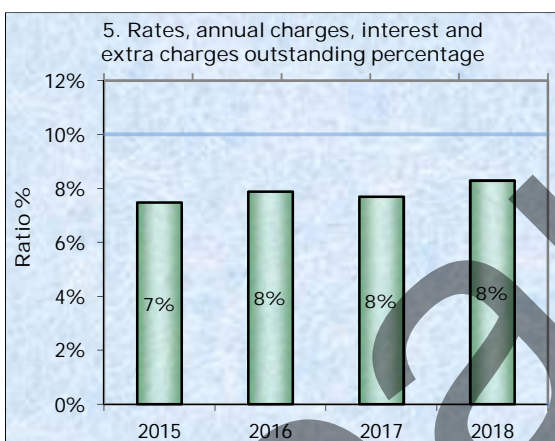
Commentary on 2017/18 result

2017/18 ratio 12.38x

Councils debt service cover ratio remains constant and above the benchmark

Benchmark: Minimum ≥ 2.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

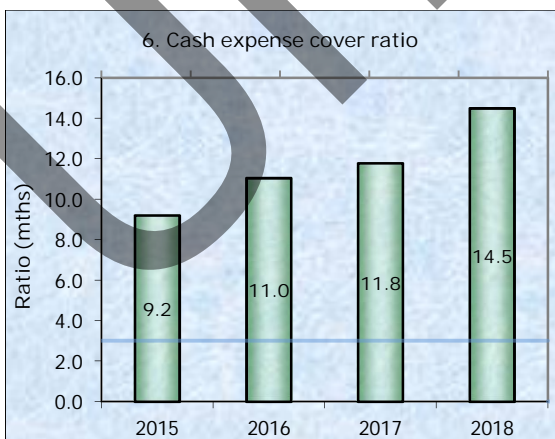
Commentary on 2017/18 result

2017/18 ratio 8.29%

Council continues to remain with the required benchmark.

Benchmark: Maximum $< 10.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 2017/18 result

2017/18 ratio 14.50 mths

Due to diligent investment processes council continues to ensure sufficient cash for immediate expenses

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

Ratio achieves benchmark
Ratio is outside benchmark



Oberon Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



Oberon Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on dd/mm/yy.

Kathy Sajowitz
Mayor
dd/mm/yy

Ian Doney
Councillor
dd/mm/yy

Gary Wallace
General manager
dd/mm/yy

Lynette Safranek
Responsible accounting officer
dd/mm/yy

Oberon Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	445	456
User charges	1,551	1,021
Fees	–	–
Interest	11	8
Grants and contributions provided for non-capital purposes	34	11
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	–	–
Total income from continuing operations	2,042	1,497
Expenses from continuing operations		
Employee benefits and on-costs	296	296
Borrowing costs	–	–
Materials and contracts	184	310
Depreciation, amortisation and impairment	263	182
Water purchase charges	587	641
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Share of loss from equity accounted investment	–	–
Other expenses	134	156
Total expenses from continuing operations	1,465	1,585
Surplus (deficit) from continuing operations before capital amounts	577	(88)
Grants and contributions provided for capital purposes	–	17
Surplus (deficit) from continuing operations after capital amounts	577	(71)
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	577	(71)
Less: corporate taxation equivalent (30%) [based on result before capital]	(173)	–
SURPLUS (DEFICIT) AFTER TAX	404	(71)
Plus opening retained profits	4,969	5,040
Plus/less: prior period adjustments	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	173	–
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	5,546	4,969
Return on capital %	6.6%	-1.0%
Subsidy from Council	–	295
Calculation of dividend payable:		
Surplus (deficit) after tax	404	(71)
Less: capital grants and contributions (excluding developer contributions)	23	–
Surplus for dividend calculation purposes	427	–
Potential dividend calculated from surplus	213	–

Oberon Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	715	714
User charges	462	304
Liquid trade waste charges	–	–
Fees	–	–
Interest	25	32
Grants and contributions provided for non-capital purposes	93	11
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	–	–
Total income from continuing operations	1,295	1,061
Expenses from continuing operations		
Employee benefits and on-costs	153	145
Borrowing costs	–	–
Materials and contracts	127	152
Depreciation, amortisation and impairment	312	139
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Share of loss from equity accounted investment	–	–
Other expenses	179	211
Total expenses from continuing operations	772	648
Surplus (deficit) from continuing operations before capital amounts	524	413
Grants and contributions provided for capital purposes	37	22
Surplus (deficit) from continuing operations after capital amounts	561	435
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	561	435
Less: corporate taxation equivalent (30%) [based on result before capital]	(157)	(124)
SURPLUS (DEFICIT) AFTER TAX	404	311
Plus opening retained profits	6,276	5,842
Plus/less: prior period adjustments	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	157	124
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	6,837	6,276
Return on capital %	5.4%	4.3%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	404	311
Less: capital grants and contributions (excluding developer contributions)	(0)	0
Surplus for dividend calculation purposes	404	311
Potential dividend calculated from surplus	202	156

Oberon Council

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

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	871	370
Investments	–	–
Receivables	273	109
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	1,144	478
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	8,711	8,685
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	8,711	8,685
TOTAL ASSETS	9,855	9,163
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	33	31
Total current liabilities	33	31
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	33	31
NET ASSETS	9,822	9,132
EQUITY		
Accumulated surplus	5,546	4,969
Revaluation reserves	4,276	4,163
Other reserves	–	–
Council equity interest	9,822	9,132
Non-controlling equity interest	–	–
TOTAL EQUITY	9,822	9,132

Oberon Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	1,782	2,151
Investments	1,500	500
Receivables	154	104
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current Assets	3,436	2,755
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	9,627	9,629
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	9,627	9,629
TOTAL ASSETS	13,063	12,384
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	31	31
Total current liabilities	31	31
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	31	31
NET ASSETS	13,032	12,353
EQUITY		
Accumulated surplus	6,837	6,276
Revaluation reserves	6,195	6,077
Other reserves	–	–
Council equity interest	13,032	12,353
Non-controlling equity interest	–	–
TOTAL EQUITY	13,032	12,353

Oberon Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

Note 1. Significant accounting policies

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

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

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

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

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

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

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

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

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

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

Declared business activities

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

Category 1

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

None

Category 2

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

Oberon Council

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

Note 1. Significant accounting policies (continued)

a. Oberon Council Water Supply

Comprising the whole of the water supply activities and net assets therein servicing the town of Oberon, which is established as a separate Special Rate Fund.

b. Oberon Council Sewerage Service

Comprising the whole of the sewerage reticulation & treatment activities and the net assets therein servicing the town of Oberon, which is established as a separate Special Rate Fund.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 30%

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

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

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

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

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

Oberon Council

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

Note 1. Significant accounting policies (continued)

Income tax

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

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

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

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

Oberon Council

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

Note 1. Significant accounting policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iv) Dividends

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

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

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

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

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

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Oberon Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 2. Water supply business
best-practice management disclosure requirements

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

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i) Calculated tax equivalents	-
(ii) Number of assessments multiplied by \$3/assessment	4,047
(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]	213,367
(ii) Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	40,470
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	589,820

2018 Surplus	426,735	2017 Surplus	(71,281)	2016 Surplus	234,366
		2017 Dividend	-	2016 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	40,470
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi) Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

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

(i) Completion of strategic business plan (including financial plan)	YES
(ii) Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
– Complying charges [item 2 (b) in table 1]	YES
– DSP with commercial developer charges [item 2 (e) in table 1]	YES
– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii) Sound water conservation and demand management implemented	NO
(iv) Sound drought management implemented	NO
(v) Complete performance reporting form (by 15 September each year)	YES
(vi) a. Integrated water cycle management evaluation	YES
b. Complete and implement integrated water cycle management strategy	YES

Oberon Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 2. Water supply business
best-practice management disclosure requirements (continued)

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

2018

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	2,031
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)]	%	76.58%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	8,566
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	1,202
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	151
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	6.58%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

Notes: 1. References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.

2. The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.

a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Oberon Council

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

Note 3. Sewerage business
best-practice management disclosure requirements

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

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i) Calculated tax equivalents	-
(ii) Number of assessments multiplied by \$3/assessment	3,711
(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]	201,785
(ii) Number of assessments x (\$30 less tax equivalent charges per assessment)	37,110
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	990,221

2018 Surplus	403,570	2017 Surplus	311,097	2016 Surplus	275,554
		2017 Dividend	-	2016 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	37,110
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi) Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

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

(i) Completion of strategic business plan (including financial plan)	YES
(ii) Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
Complying charges	
(a) Residential [item 2 (c) in table 1]	YES
(b) Non-residential [item 2 (c) in table 1]	NO
(c) Trade waste [item 2 (d) in table 1]	YES
DSP with commercial developer charges [item 2 (e) in table 1]	NO
Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(iii) Complete performance reporting form (by 15 September each year)	YES
(iv) a. Integrated water cycle management evaluation	YES
b. Complete and implement integrated water cycle management strategy	NO

Oberon Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,225
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	9,178
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	458
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	191
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	4.83%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	83

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	3,256
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.68%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	341
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	5.67%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%



Oberon Council

SPECIAL SCHEDULES
for the year ended 30 June 2018



Oberon Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	556	–	–	(556)
Administration	1,677	327	–	(1,351)
Public order and safety				
Fire service levy, fire protection, emergency services	656	134	–	(523)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	97	16	–	(81)
Other	6	–	–	(6)
Total public order and safety	760	150	–	(610)
Health	–	11	–	11
Environment				
Noxious plants and insect/vermin control	131	38	–	(93)
Other environmental protection	5	–	–	(5)
Solid waste management	590	903	–	313
Street cleaning	51	–	–	(51)
Drainage	159	13	–	(147)
Stormwater management	–	–	–	–
Total environment	937	954	–	17
Community services and education				
Administration and education	99	58	–	(41)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	52	–	–	(52)
Children's services	2	2	–	1
Total community services and education	153	60	–	(93)
Housing and community amenities				
Public cemeteries	113	83	–	(30)
Public conveniences	161	–	–	(161)
Street lighting	95	–	–	(95)
Town planning	594	270	–	(324)
Other community amenities	44	91	–	47
Total housing and community amenities	1,007	444	–	(563)
Water supplies	1,465	2,042	–	577
Sewerage services	772	1,333	–	561

Oberon Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2018

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	178	33	–	(146)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	87	23	–	(64)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	10	–	10
Sporting grounds and venues	2	–	–	(2)
Swimming pools	346	58	–	(288)
Parks and gardens (lakes)	466	325	–	(141)
Other sport and recreation	–	–	–	–
Total recreation and culture	1,081	449	–	(632)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	–	–	–	–
Other mining, manufacturing and construction	48	8	–	(40)
Total mining, manufacturing and const.	48	8	–	(40)
Transport and communication				
Urban roads (UR) – local	214	–	–	(214)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	620	170	–	(450)
Sealed rural roads (SRR) – regional	707	1,107	–	400
Unsealed rural roads (URR) – local	–	828	–	828
Unsealed rural roads (URR) – regional	626	60	–	(566)
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	–	–	–	–
Footpaths	18	–	–	(18)
Aerodromes	–	–	–	–
RMS - State Roads not controlled by Council	2,220	2,798	–	577
Other transport and communication	1,448	460	157	(832)
Total transport and communication	5,855	5,423	157	(275)
Economic affairs				
Camping areas and caravan parks	16	20	–	3
Visitor Information Centre	209	19	–	(190)
Other economic affairs	142	923	–	781
Total economic affairs	367	962	–	595
Totals – functions	14,678	12,161	157	(2,361)
General purpose revenues ⁽¹⁾		6,448		6,448
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	14,678	18,609	157	4,088

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Oberon Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	4,049	3,792
Plus or minus adjustments ⁽²⁾	b	25	(2)
Notional general income	c = (a + b)	4,074	3,790
Permissible income calculation			
Special variation percentage ⁽³⁾	d	7.00%	6.95%
Or rate peg percentage	e	0.00%	0.00%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	(51)	–
Plus special variation amount	h = d x (c – g)	282	263
Or plus rate peg amount	i = c x e	–	–
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	4,305	4,053
Plus (or minus) last year's carry forward total	l	4	(0)
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	4	(0)
Total permissible income	o = k + n	4,309	4,053
Less notional general income yield	p	4,312	4,049
Catch-up or (excess) result	q = o – p	(3)	4
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	(3)	4

Notes

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

Oberon Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	113	150
b. Engineering and supervision	23	55
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	–	–
d. Maintenance expenses	–	–
– Reservoirs		
e. Operation expenses	–	89
f. Maintenance expenses	–	–
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	–	–
i. Maintenance expenses	–	–
– Treatment		
j. Operation expenses (excluding chemical costs)	364	273
k. Chemical costs	71	50
l. Maintenance expenses	1	–
– Other		
m. Operation expenses	–	–
n. Maintenance expenses	43	120
o. Purchase of water	587	646
3. Depreciation expenses		
a. System assets	263	182
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	20
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,465	1,585

Oberon Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges		
a. Access (including rates)	465	456
b. Usage charges	1,520	1,021
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	12	–
8. Extra charges	–	–
9. Interest income	11	8
10. Other income	–	–
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	11	11
c. Other grants	–	–
12. Contributions		
a. Developer charges	23	17
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	2,043	1,514
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	577	(71)
15a. Operating result (less grants for acquisition of assets)	577	(71)

Oberon Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	97	53
c. Renewals	54	75
d. Plant and equipment	–	–
17. Repayment of debt	–	–
18. Totals	151	128
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	1,097	1,097
b. Residential (unoccupied, ie. vacant lot)	12	12
c. Non-residential (occupied)	240	240
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	2 ET	4 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 19,687	\$ 20,497

Oberon Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	871	–	871
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	45	–	45
c. User charges	228	–	228
d. Other	–	–	–
27. Inventories	–	115	115
28. Property, plant and equipment			
a. System assets	–	8,565	8,565
b. Plant and equipment	–	31	31
29. Other assets	–	–	–
30. Total assets	1,144	8,711	9,855
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	–	–	–
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	33	–	33
35. Total liabilities	33	–	33
36. NET ASSETS COMMITTED	1,111	8,711	9,822
EQUITY			
37. Accumulated surplus			5,546
38. Asset revaluation reserve			4,276
39. Other reserves			–
40. TOTAL EQUITY			9,822
Note to system assets:			
41. Current replacement cost of system assets			13,499
42. Accumulated current cost depreciation of system assets			(4,933)
43. Written down current cost of system assets			8,566

Oberon Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	111	110
b. Engineering and supervision	99	32
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	50	31
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	103
d. Energy costs	–	5
e. Maintenance expenses	–	–
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	126	183
g. Chemical costs	72	25
h. Energy costs	–	–
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	–	–
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	292	139
b. Plant and equipment	20	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	2	20
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	772	648

Oberon Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges (including rates)	615	616
7. Non-residential charges		
a. Access (including rates)	100	98
b. Usage charges	457	293
8. Trade waste charges		
a. Annual fees	–	–
b. Usage charges	5	10
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	–
10. Interest income	25	32
11. Other income	–	–
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	83	–
b. Grants for pensioner rebates	11	11
c. Other grants	–	–
13. Contributions		
a. Developer charges	37	22
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	1,333	1,083
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	561	435
16a. Operating result (less grants for acquisition of assets)	479	435

Oberon Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	191	–
b. New assets for growth	–	9
c. Renewals	–	34
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	191	43
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	995	995
b. Residential (unoccupied, ie. vacant lot)	53	53
c. Non-residential (occupied)	189	189
d. Non-residential (unoccupied, ie. vacant lot)	–	–
24. Number of ETs for which developer charges were received	2 ET	4 ET
25. Total amount of pensioner rebates (actual dollars)	\$ 18,498	\$ 19,503

Oberon Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	3,282	–	3,282
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	67	–	67
c. User charges	81	–	81
d. Other	6	–	6
28. Inventories	–	205	205
29. Property, plant and equipment			
a. System assets	–	9,178	9,178
b. Plant and equipment	–	244	244
30. Other assets	–	–	–
31. Total assets	3,436	9,627	13,063
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	–	–	–
34. Borrowings	–	–	–
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	31	–	31
36. Total liabilities	31	–	31
37. NET ASSETS COMMITTED	3,405	9,627	13,032
EQUITY			
38. Accumulated surplus			6,837
39. Asset revaluation reserve			6,195
40. Other reserves			–
41. TOTAL EQUITY			13,032
Note to system assets:			
42. Current replacement cost of system assets			20,733
43. Accumulated current cost depreciation of system assets			(11,554)
44. Written down current cost of system assets			9,178

Oberon Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contribution 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.

Oberon Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost						
								1	2	3	4	5		
Buildings	Buildings													
	Council Offices/Admin	–	–	28	5	1,969	3,700	28%	70%	2%			0%	
	Buildings – non-specialised	–				153	153	100%					0%	
	Council Works Depot	32	32	34		1,254	2,416	36%	29%	30%	5%		0%	
	Amenities/Toilets	37	37	14		795	1,369	55%	20%	14%	11%		0%	
	Libraries			7	3	505	874	17%	83%				0%	
	Other Buildings	13	13	5	4	671	1,077	73%	18%	4%	5%		0%	
	Emergency Services	27	27	23		2,257	3,331	48%	45%	4%	3%		0%	
	Aged Care Facilities	18	18	20		883	1,796	21%	66%	9%	4%		0%	
	Recreational Facilities	–	–	65	1	4,822	7,518	65%	10%	25%			0%	
Other					–									
	Sub-total	127	127	196	13	13,309	22,234	47.7%	35.6%	14.4%	2.2%	0.0%		
Other structures	Other structures	2	2	9	–	1,932	2,649	73%	23%	4%			0%	
	Water Tanks													
	Sub-total	2	2	9	–	1,932	2,649	73.0%	23.0%	4.0%	0.0%	0.0%		
Roads	Sealed roads													
	Sealed Roads Surface	196	196	138	622	26,992	33,891	86%	2%	10%	2%		0%	
	Unsealed roads	1,754	1,754	1,426	566	48,606	61,246	14%	18%	56%	11%		1%	
	Bridges	–	–	–	2	9,965	10,747	100%					0%	
	Footpaths	8	8	5	2	2,906	3,416	92%	4%	3%	1%		0%	
	Bulk earthworks					31,627	31,627	100%					0%	
	Kerb & Gutter	774	774	124		1,706	3,814	4%	22%	0%	74%		0%	
	Street Furniture	–	–	21	–	3,543	5,271	60%	40%	0%	0%		0%	
	Sealed Roads Pavement	–	–	452	450	83,282	93,624	81%	5%	14%			0%	
	Sub-total	2,732	2,732	2,166	1,642	208,627	243,636	66.7%	8.0%	20.9%	4.2%	0.3%		

Oberon Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
								1	2	3	4	5	
Water supply Water supply network	Water supply network												
	Mains	55	55	62	43	3,807	6,265	65%	4%	27%	4%	0%	
	Reservoirs	111	111	21		748	1,394	72%	28%	0%	0%	0%	
	Treatment			15		3,614	5,410	78%	19%	3%	0%	0%	
	Other Meters					90	91	100%	0%	0%	0%	0%	
	Other					–							
	Sub-total	166	166	98	43	8,259	13,160	71.3%	12.7%	14.1%	1.9%	0.0%	
Sewerage Sewerage network	Sewerage network												
	Equipment	1,503	1,503	283	50	897	7,418	0%	0%	19%	81%	0%	
	Pumping Stations	–	–	3	–	709	1,043	72%	28%	0%	0%	0%	
	Manholes	–	–	13	–	975	1,334	0%	100%	0%	0%	0%	
	Pipes	–	–	96	–	6,409	10,718	66%	6%	28%	0%	0%	
	Other					–							
	Sub-total	1,503	1,503	395	50	8,990	20,513	38.1%	11.1%	21.5%	29.3%	0.0%	

Oberon Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost						
								1	2	3	4	5		
Stormwater Stormwater drainage	Stormwater drainage													
	Inlet and Junction Pits			1		1,457	1,936	95%	5%				0%	
	Stormwater Pipes			28		5,762	8,683	72%	26%	2%			0%	
	Other					–								
	Sub-total		–	–	29	–	7,219	10,619	76.2%	22.2%	1.6%	0.0%	0.0%	
Open space/ recreational	Swimming pools			11	15	839	1,050	0%	100%	0%	0%	0%		
	Other Open Spaces/ Recreational	4	4	4	–	840	1,136	79%	17%	4%		0%		
	Sub-total	4	4	15	15	1,679	2,186	41.1%	56.9%	2.1%	0.0%	0.0%		
TOTAL – ALL ASSETS		4,534	4,534	2,908	1,763	250,015	314,997	63.9%	11.3%	19.3%	5.4%	0.2%		

Notes:

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

Infrastructure asset condition assessment 'key'

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

Oberon Council

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

	Amounts 2018	Indicator 2018	Prior periods 2017	2016	Benchmark
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	4,072	143.94%	224.78%	214.45%	≥ 100%
Depreciation, amortisation and impairment	2,829				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	4,534	1.81%	4.22%	3.45%	< 2.00%
Net carrying amount of infrastructure assets	250,215				
3. Asset maintenance ratio					
Actual asset maintenance	1,763	60.63%	93.78%	89.51%	> 100%
Required asset maintenance	2,908				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	4,534	1.44%	0.61%	0.00%	
Gross replacement cost	314,997				

Notes

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

⁽¹⁾ Excludes Work In Progress (WIP)

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Oberon Council

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

	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
Infrastructure asset performance indicators * consolidated				
1. Buildings and infrastructure renewals ratio ⁽¹⁾				
Asset renewals ⁽²⁾	4,072	143.94%	224.78%	>= 100%
Depreciation, amortisation and impairment	2,829			
2. Infrastructure backlog ratio ⁽¹⁾				
Estimated cost to bring assets to a satisfactory standard	4,534	1.81%	4.22%	< 2.00%
Net carrying amount of infrastructure assets	250,215			
3. Asset maintenance ratio				
Actual asset maintenance	1,763	60.63%	93.78%	> 100%
Required asset maintenance	2,908			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	4,534	1.44%	0.61%	
Gross replacement cost	314,997			

Notes

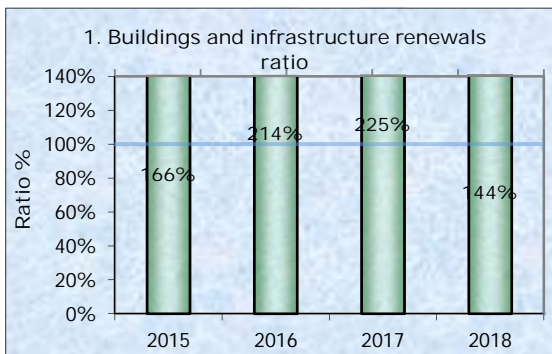
* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

Oberon Council

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



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

Purpose of asset renewals ratio

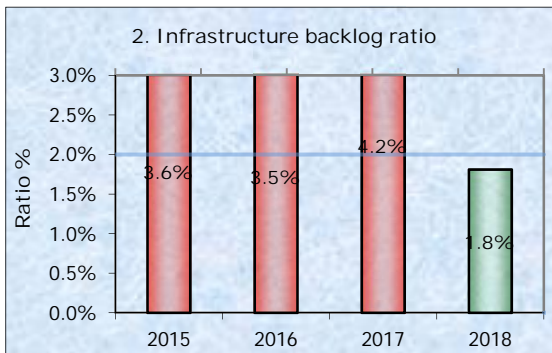
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2017/18 result

2017/18 Ratio 143.94%

Council continues to maintain the benchmark requirement for this ratio.

Ratio achieves benchmark
Ratio is outside benchmark



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

Purpose of infrastructure backlog ratio

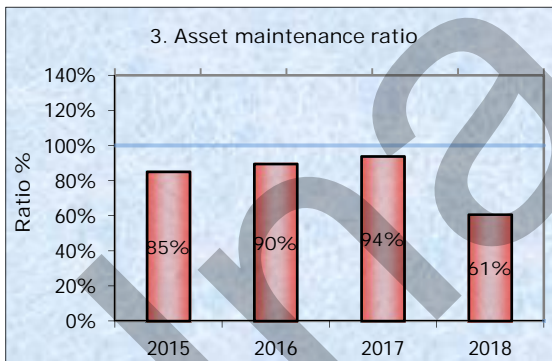
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2017/18 result

2017/18 Ratio 1.81%

Council has made headways into reducing the infrastructure backlog with the introduction of the Special Rates Variation.

Ratio achieves benchmark
Ratio is outside benchmark



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

Purpose of asset maintenance ratio

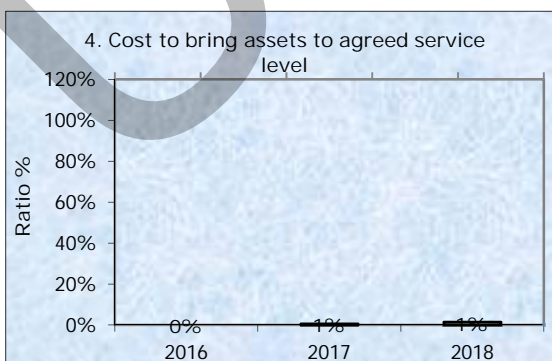
Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on 2017/18 result

2017/18 Ratio 60.63%

Council has fallen behind a result of decreased funding during the 2017-18 period being the first year without LIRS funding.

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of agreed service level ratio

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

Commentary on 2017/18 result

2017/18 Ratio 1.44%

With the introduction of the Special Rates Variation and LIRS in the last few years Council has worked hard to reduce this ratio.

Oberon Council

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

	General indicators ⁽¹⁾		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Infrastructure asset performance indicators by fund							
1. Buildings and infrastructure renewals ratio ⁽²⁾							
Asset renewals ⁽³⁾	178.67%	254.79%	0.00%	0.00%	0.00%	0.00%	>= 100%
Depreciation, amortisation and impairment							
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard	1.23%	0.45%	2.01%	3.60%	16.72%	87.92%	< 2.00%
Net carrying amount of infrastructure assets							
3. Asset maintenance ratio							
Actual asset maintenance	69.15%	95.78%	43.88%	91.88%	12.66%	50.00%	> 100%
Required asset maintenance							
4. Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.02%	0.07%	1.26%	2.05%	7.33%	7.55%	
Gross replacement cost							

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