

# Narrabri Shire Council

GENERAL PURPOSE FINANCIAL REPORT  
for the year ended 30 June 2007

---



# Narrabri Shire Council

## General Purpose Financial Report for the financial year ended 30 June 2007

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Primary Financial Statements:</b>	
- Income Statement	3
- Balance Sheet	4
- Statement of Changes in Equity	5
- Cash Flow Statement	6
<b>3. Notes to the Financial Statements</b>	<b>7</b>
<b>4. Independent Auditor's Reports:</b>	
- On the Financial Report (Sect 417 [2])	gg
- On the Conduct of the Audit (Sect 417 [3])	hh

---

### Overview

- (i) This Financial Report covers the consolidated operations for Narrabri Shire Council.
- (ii) Narrabri Shire Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of nature of Councils operations and it's principal activities are provided in Note 2(b).

- (iii) All figures presented in this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 16 October 2007. Council has the power to amend and reissue the financial report.
-

# Narrabri Shire Council

## General Purpose Financial Report for the financial year ended 30 June 2007

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

**The attached General Purpose Financial Report has been prepared in accordance with:**

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

**To the best of our knowledge and belief, this Report:**

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

**We are not aware of any matter that would render this Report false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 16 October 2007.**

---

George Sevil  
**MAYOR**

---

Ross Gleesson  
**DEPUTY MAYOR**

---

Max Kershaw  
**GENERAL MANAGER**

---

Glen Warren  
**RESPONSIBLE ACCOUNTING OFFICER**

## Narrabri Shire Council

## Income Statement

for the financial year ended 30 June 2007

Budget <sup>(1)</sup>			Actual	Actual
2007	\$ '000	Notes	2007	2006
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
11,579	Rates & Annual Charges	3a	11,556	10,900
3,129	User Charges & Fees	3b	3,226	3,622
1,131	Interest & Investment Revenue	3c	1,461	1,123
513	Other Revenues	3d	980	1,167
6,954	Grants & Contributions provided for Operating Purposes	3e,f	10,185	14,592
67	Grants & Contributions provided for Capital Purposes	3e,f	6,018	1,000
<b>Other Income:</b>				
269	Net gains from the disposal of assets	5	79	39
	Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	-	17
<u>23,642</u>	<b>Total Income from Continuing Operations</b>		<u>33,505</u>	<u>32,460</u>
<b>Expenses from Continuing Operations</b>				
6,931	Employee Benefits & on-costs	4a	6,836	6,376
588	Borrowing Costs	4b	572	504
7,106	Materials & Contracts	4c	9,712	13,664
5,660	Depreciation & Amortisation	4d	5,259	4,950
	Impairment	4d	-	-
2,355	Other Expenses	4e	4,889	3,273
	Net Losses from the Disposal of Assets	5	-	-
	Share of interests in Joint Ventures & Associates using the Equity Method	19	38	-
<u>22,640</u>	<b>Total Expenses from Continuing Operations</b>		<u>27,306</u>	<u>28,767</u>
<u>1,002</u>	<b>Operating Result from Continuing Operations</b>		<u>6,199</u>	<u>3,693</u>
<b>Discontinued Operations</b>				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
<u>1,002</u>	<b>Net Operating Result for the Year</b>		<u>6,199</u>	<u>3,693</u>
1,002	<b>Net Operating Result attributable to Council</b>		6,199	3,693
	<b>Net Operating Result attributable to Minority Interests</b>		-	-
<u>935</u>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<u>181</u>	<u>2,693</u>

(1) Original Budget as approved by Council - refer Note 16

## Narrabri Shire Council

## Balance Sheet

as at 30 June 2007

\$ '000	Notes	Actual 2007	Actual 2006
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	6,252	442
Investments	6b	10,710	12,996
Receivables	7	2,004	1,411
Inventories	8	653	1,039
Other	8	208	192
<b>Total Current Assets</b>		<b>19,827</b>	<b>16,080</b>
<b>Non-Current Assets</b>			
Investments	6b	8,483	6,099
Receivables	7	515	718
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	230,437	229,477
Investments Accounted for using the equity method	19	284	322
<b>Total Non-Current Assets</b>		<b>239,719</b>	<b>236,616</b>
<b>TOTAL ASSETS</b>		<b>259,546</b>	<b>252,696</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	1,665	2,229
Interest Bearing Liabilities	10	505	412
Provisions - anticipated as being payable within the next 12 months	10	357	333
Provisions - anticipated as being payable after the next 12 months	10	1,199	1,243
<b>Total Current Liabilities</b>		<b>3,726</b>	<b>4,217</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Interest Bearing Liabilities	10	8,898	7,766
Provisions	10	63	53
<b>Total Non-Current Liabilities</b>		<b>8,961</b>	<b>7,819</b>
<b>TOTAL LIABILITIES</b>		<b>12,687</b>	<b>12,036</b>
<b>Net Assets</b>		<b>246,859</b>	<b>240,660</b>
<b>EQUITY</b>			
Retained Earnings	20	246,859	240,660
Revaluation Reserves	20	-	-
<b>Council Equity Interest</b>		<b>246,859</b>	<b>240,660</b>
<b>Minority Equity Interest</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>246,859</b>	<b>240,660</b>

## Narrabri Shire Council

## Statement of Changes in Equity

for the financial year ended 30 June 2007

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2007</b>						
<b>Opening Balance</b> (as per Last Years Audited Accounts)		240,660	-	240,660	-	240,660
a. Correction of Prior Period Errors	20 (d)	-		-		-
b. Changes in Accounting Policies (prior year effects)	20 (e)	-		-		-
<b>Revised Opening Balance</b> (as at 1/7/06)		<b>240,660</b>	-	<b>240,660</b>	-	<b>240,660</b>
<b>c. Current Year Income &amp; Expenses Recognised direct to Equity</b>						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)		-	-		-
- Transfers to/(from) Other Reserves	20b (ii)		-	-		-
- Other Income/Expenses recognised	20b (ii)		-	-		-
- Other Adjustments	20b (ii)		-	-		-
<b>Net Income Recognised Directly in Equity</b>		-	-	-	-	-
<b>d. Net Operating Result for the Year</b>		<b>6,199</b>		<b>6,199</b>	-	<b>6,199</b>
<b>Total Recognised Income &amp; Expenses</b> (c&d)		<b>6,199</b>	-	<b>6,199</b>	-	<b>6,199</b>
<b>e. Distributions to/(Contributions from) Minority Interests</b>				-	-	-
<b>f. Transfers between Equity</b>		-	-	-		-
<b>Equity - End of Reporting Period Balance</b>		<b>246,859</b>	-	<b>246,859</b>	-	<b>246,859</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2006</b>						
<b>Opening Balance</b> (as per Last Years Audited Accounts)		236,967		236,967		236,967
a. Adjustments on adoption of AASB 132 and AASB139 as at (1/7/05)		-		-		-
b. Correction of Prior Period Errors	20 (d)	-		-		-
c. Changes in Accounting Policies (prior year effects)	20 (e)	-		-		-
<b>Revised Opening Balance</b> (as at 1/7/05)		<b>236,967</b>	-	<b>236,967</b>	-	<b>236,967</b>
<b>d. Current Year Income &amp; Expenses Recognised direct to Equity</b>						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)			-		-
- Transfers to/(from) Other Reserves	20b (ii)			-		-
- Other Income/Expenses recognised	20b (ii)			-		-
- Other Adjustments	20b (ii)			-		-
<b>Net Income Recognised Directly in Equity</b>		-	-	-	-	-
<b>e. Net Operating Result for the Year</b>		<b>3,693</b>		<b>3,693</b>	-	<b>3,693</b>
<b>Total Recognised Income &amp; Expenses</b> (c&d)		<b>3,693</b>	-	<b>3,693</b>	-	<b>3,693</b>
<b>f. Distributions to/(Contributions from) Minority Interests</b>				-		-
<b>g. Transfers between Equity</b>				-		-
<b>Equity - End of the Reporting Period Balance</b>		<b>240,660</b>	-	<b>240,660</b>	-	<b>240,660</b>

## Narrabri Shire Council

## Cash Flow Statement

for the financial year ended 30 June 2007

Budget			Actual	Actual
2007	\$ '000	Notes	2007	2006
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
11,579	Rates & Annual Charges		11,660	10,832
3,129	User Charges & Fees		3,644	4,377
1,131	Interest & Interest Received		686	511
7,021	Grants & Contributions		16,058	17,768
513	Other		2,018	1,972
<b>Payments:</b>				
(6,952)	Employee Benefits & On-costs		(6,908)	(6,325)
(7,106)	Materials & Contracts		(10,685)	(15,514)
(588)	Borrowing Costs		(555)	(502)
(2,355)	Other		(5,381)	(3,252)
6,372	<b>Net Cash provided (or used in) Operating Activities</b>	11b	10,537	9,867
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
	Sale of Investments		5,492	8,239
	Sale of Real Estate Assets		-	-
754	Sale of Infrastructure, Property, Plant & Equipment		689	607
	Deferred Debtors Receipts		5	15
<b>Payments:</b>				
	Purchase of Investments		(4,816)	(12,542)
(9,239)	Purchase of Infrastructure, Property, Plant & Equip.		(7,245)	(8,227)
	Deferred Debtors & Advances Made		-	-
(8,485)	<b>Net Cash provided (or used in) Investing Activities</b>		(5,875)	(11,908)
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
1,133	Proceeds from Borrowings & Advances		1,580	4,272
<b>Payments:</b>				
(590)	Repayment of Borrowings & Advances		(432)	(3,968)
	Repayment of Finance Lease Liabilities		-	-
543	<b>Net Cash Flow provided (used in) Financing Activities</b>		1,148	304
(1,570)	Net Increase/(Decrease) in Cash & Cash Equivalents		5,810	(1,737)
442	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	442	2,179
(1,128)	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	6,252	442

**Please refer to Note 11 for information on the following:**

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net Cash Flow disclosures relating to any Discontinued Operations

# Narrabri Shire Council

## General Purpose Financial Report

for the financial year ended 30 June 2007

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2(a)	Council Functions - Financial Information	23
2(b)	Council Functions - Component Descriptions	24
3	Income from Continuing Operations	25
4	Expenses from Continuing Operations	30
5	Gains or Losses on Disposal of Assets	34
6(a)	Cash & Cash Equivalent Assets	35
6(b)	Investments	36
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	37
7	Receivables	39
8	Inventories & Other Assets	41
9(a)	Infrastructure, Property, Plant & Equipment	43
9(b)	Restricted Infrastructure, Property, Plant & Equipment	44
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	45
10(a)	Payables, Interest Bearing Liabilities & Provisions	46
10(b)	Description of (& movements in) Provisions	47
11	Cash Flow Statement - reconciliation of cash & additional information	48
12	Commitments for Expenditure	50
13	Statement of Performance Measures	53
14	Investment Properties	54
15	Financial Instruments - Interest Rate Risk Exposures & Fair Values	55
16	Material Budget Variations	58
17	Statement of Developer Contributions	60
18	Contingencies and Other Liabilities/Assets not recognised	62
19	Investments accounted for using the Equity Method (ie. Associated Entities and Interests in Joint Ventures), Joint Venture Operations & Subsidiaries	64
20	Equity - Retained Earnings and Revaluation Reserves	67
21	Reinstatement, Rehabilitation & Restoration Liabilities	68
22	Non Current Assets and Disposal Groups classified as "Held for Sale"	69
23	Events occurring after Balance Sheet date	70
24	Discontinued Operations	71
25	Intangible Assets	72



# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 1. Summary of Significant Accounting Policies

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

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial reports.

#### (a) Basis of preparation

##### (i) Background

This financial report is a general purpose financial report which has been prepared in accordance with;

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulations and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either (i) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's or (ii) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) IAS 116 (IAS 16) regarding accounting for the Revaluation of Assets.

**Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.**

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

##### (iii) Application of AAS 27

Council is required to comply with AAS 27 – "Financial Reporting by Local Government", and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied.

Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply and in particular any specific "not for profit" reporting requirements.

##### (iv) Basis of Accounting

These financial statements have been prepared on an **historical cost basis** except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment.

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

# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### (v) Changes in Accounting Policies

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

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial reports.

#### (vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) in conformity with AIFRS 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.

#### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

The Council has obligations to provide facilities from contributions required from developers under the provisions of S94 of the EPA Act 1991.

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

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

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

##### **User Charges, Fees and Other Income**

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

A provision for doubtful debt is recognised when collection in full is no longer probable.

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

# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

#### (c) Principles of Consolidation

These Financial Reports incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/07) and (ii) all the related operating results (for the financial year ended the 30th June 2007).

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

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

#### (i) The Consolidated Fund

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

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

The following entities/operations have been included as part of the Consolidated fund:

- Narrabri Shire Council General Fund
- Narrabri Shire Council Water Supply Fund
- Narrabri Shire Council Sewerage Fund
- Narrabri Heritage Committee
- Friends of the Theatre
- Newtown Park Incorporated
- Gwabegar Community Centre Advisory Committee
- Narrabri Shire Indoor Sports Complex Steering Committee

#### (ii) The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

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

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

#### (iii) Joint Venture Entities

##### Jointly Controlled Assets

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated in the financial statements under the appropriate headings.

##### Jointly Controlled Entities

The interest in a Joint Venture Partnership is accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Details relating to such Entities and Partnerships (where applicable) are set out in Note 19.

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significantly influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities.

Such entities are usually termed "Associates".

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

##### (d) Leases

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

###### Finance Leases

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

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

The corresponding rental obligations, net of finance charges, are included in other long term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The interest element of 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.

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

###### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

##### (e) Cash and Cash Equivalents

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 balance sheet.

##### (f) Investments and Other Financial Assets

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

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

# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 1. Summary of Significant Accounting Policies (continued)

Each classification depends on the purpose/intention for which the investment was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss 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.

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

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

#### **(ii) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

#### **(iii) Held-to-maturity investments**

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

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

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

#### **(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

This classification principally comprises marketable equity securities.

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

#### **General Accounting & Measurement of Financial Instruments:**

##### **(i) Initial Recognition**

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

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

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

##### **(ii) Subsequent Measurement**

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

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

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

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### (iii) Types of Investments

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

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

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

#### (g) Fair value estimation

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

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

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

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

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

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 1. Summary of Significant Accounting Policies (continued)

**(h) Receivables**

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

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

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

A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

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

**(i) Inventories****Raw Materials and Stores, Work in Progress and Finished Goods**

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

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

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

**Land Held for Resale/Capitalisation of Borrowing Costs**

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

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

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

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

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

**(j) Infrastructure, property, plant and equipment****Acquisition of assets**

All infrastructure, property, plant and equipment assets under Council's control) are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses, with the exception of:

- **Investment Properties** which are valued at Fair Value – refer Note 1(k), and

Council's assets will be progressively revalued to fair value in accordance with a staged implementation as advised by the Department of Local Government:

- **2007/08:** Property, plant and equipment, land, & buildings
- **2008/09:** Roads, bridges, footpaths and drainage

# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### Initial Recognition

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

Where settlement of any part of an assets cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition to arrive at fair value.

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

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

#### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Asset Revaluations

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

- 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, the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against

revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

#### Capitalisation Thresholds

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

##### Land

- council land	100% Capitalised
- open space	100% Capitalised

##### Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$2,000

##### Water & Sewer Assets

Reticulation extensions	> \$1,000
Other	> \$1,000

##### Stormwater Assets

Drains & Culverts	> \$1,000
Other	> \$1,000

##### Transport Assets

Road construction & reconstruction	> \$1,000
Reseal/Re-sheet & major repairs:	> \$1,000
Bridge construction & reconstruction	> \$1,000



# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### Depreciation

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

Land is not depreciated.

The range of estimated useful lives for Councils assets include:

#### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	2 years
- Vehicles	5 years
- Heavy Plant/Road Making equip.	10 years
- Other plant and equipment	5 to 10 years

#### Other Structures

- Parks & Recreation Structures	10 years
- All Other Structures	10 to 50 years

#### Land Improvements

- Waste Depot Improvements	50 years
- Park Improvements	100 years

#### Buildings

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

#### Stormwater Drainage

- Pumps	30 years
- Drainage	60 years
- Reticulation pipes	80 years

#### Transportation Assets

- Sealed Roads : Surface	30 year
- Sealed Roads : Structure	60 years
- Causeways	60 years
- Bridges & Culverts	105 years
- Kerb, Gutter & Paths	50 years
- Natural Surface Roads	Indefinite
- Gravel Surface Roads	Indefinite

#### Other Infrastructure Assets

- Dams and reservoirs	100 years
- Bores	30 years
- Bulk earthworks	Indefinite

All asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

#### Disposal and De-recognition

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

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

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (k) Intangible Assets

###### IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

##### (l) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

##### (m) Rural Fire Service assets

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

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

Until such time as discussions on this matter have concluded and the legislation changed, council will continue to account for these assets as they have been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these Financial Reports.

##### (n) Investment property

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

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

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

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

##### (o) Land

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

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

## Narrabri Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (p) Land under roads

Council has elected not to recognise land under roads in accordance with the deferral arrangements available to it under AASB 1045.

These deferral arrangements cease to apply as of 30 June 2008.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

This amortisation of the discount is shown as a borrowing cost.

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

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

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

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

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

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

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

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

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

# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 1. Summary of Significant Accounting Policies (continued)

Specific Information relating to Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 21.

#### (q) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis.

Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets classified as "Non Current Assets Held for Sale", an impairment loss is recognised where the assets carrying value is greater than its fair value less costs to sell.

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

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

#### (r) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as it's written down replacement cost.

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

#### (s) Payables

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

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

#### (t) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

#### (u) 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.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Council's outstanding borrowings during the year.

#### (v) Provisions

Provisions for legal claims and service warranties are recognised when:

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 1. Summary of Significant Accounting Policies (continued)

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

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### **(w) Employee benefits**

##### **(i) Wages & salaries, annual leave and sick leave**

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

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

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

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

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

##### **(ii) Long service leave**

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

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

##### **(iii) Retirement benefit obligations**

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 1. Summary of Significant Accounting Policies (continued)

defined benefit plans on the same basis as its obligations to defined contribution plans.

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

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

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

Accordingly, Councils contributions to the scheme have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 19<sup>th</sup> June 2007 and covers the period ended 30 June 2006.

This valuation found that the Schemes assets were \$3,291.1 million and its past service liabilities were \$2,980.3 million, giving it a Surplus of \$310.8 million.

The existence of this surplus has resulted in Councils contributing during the 06/07 year at half the normal level of contributions.

The financial position of the Scheme is monitored annually.

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

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those arising from the payment of employee benefits in future periods – including Superannuation and Workers Compensation expenses which will be payable upon the future payment of some Leave Liabilities accrued as at 30/6/07.

#### (x) Self insurance

Council does not have any program of self insurance.

#### (y) Allocation between current and non-current

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

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

#### Exceptions

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

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

#### (z). Taxes

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

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

#### Goods & Services Tax (GST)

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

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

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST.

Accordingly, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **(aa) New accounting standards and UIG interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) **AASB 7: Financial Instruments: Disclosures, and**
- (ii) **AASB 2005-10: Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]**

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007.

Council has not adopted the standards early.

Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Council's financial instruments.

#### **(ab) Rounding of amounts**

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

#### **(ac). Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within this Financial Report and/or the Notes.

#### **(ad). Disclaimer**

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

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 2(a). Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions/Activities. Details of these Functions/Activities are provided at 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 & Non-current)	
	Original Budget 2007	Actual 2007	Actual 2006	Original Budget 2007	Actual 2007	Actual 2006	Original Budget 2007	Actual 2007	Actual 2006	Actual 2007	Actual 2006	Actual 2007	Actual 2006
Governance		-	-	396	369	382	(396)	(369)	(382)	-	-	-	-
Administration	487	450	583	4,668	4,815	4,783	(4,181)	(4,365)	(4,200)	12	12	26,679	22,625
Public Order & Safety	121	245	369	490	596	601	(369)	(351)	(232)	208	261	941	1,051
Health	132	126	129	252	243	221	(120)	(117)	(92)	100	103		-
Community Services & Education	40	46	43	118	114	122	(78)	(68)	(79)	3	3		-
Housing & Community Amenities	1,885	1,884	1,931	1,833	1,848	1,766	52	36	165	54	328	6,705	6,764
Water Supplies	1,737	1,951	1,600	968	1,391	1,104	769	560	496	87	36	19,456	19,072
Sewerage Services	1,677	1,824	1,838	1,564	1,575	1,522	113	249	316	33	33	19,938	19,909
Recreation & Culture	329	380	599	3,158	3,309	2,960	(2,829)	(2,929)	(2,361)	57	70	13,420	13,573
Mining, Manufacturing & Construction	200	156	191	377	1,920	2,063	(177)	(1,764)	(1,872)		-	79	79
Transport & Communication	3,728	12,655	12,025	7,736	9,947	12,172	(4,008)	2,708	(147)	10,108	8,920	167,981	165,137
Economic Affairs	449	648	784	1,080	1,141	1,071	(631)	(493)	(287)	22	90	4,063	4,164
<b>Total Functions &amp; Activities</b>	<b>10,785</b>	<b>20,365</b>	<b>20,092</b>	<b>22,640</b>	<b>27,268</b>	<b>28,767</b>	<b>(11,855)</b>	<b>(6,903)</b>	<b>(8,675)</b>	<b>10,684</b>	<b>9,844</b>	<b>259,262</b>	<b>252,374</b>
Share of Gains in Associates & Joint Ventures (using the Equity Method)		-	17		38			(38)	17			284	322
General Purpose Income <sup>1</sup>	12,857	13,140	12,351				12,857	13,140	12,351	4,299	4,135		
<b>Operating Result from Continuing Operations</b>	<b>23,642</b>	<b>33,505</b>	<b>32,460</b>	<b>22,640</b>	<b>27,306</b>	<b>28,767</b>	<b>1,002</b>	<b>6,199</b>	<b>3,693</b>	<b>14,983</b>	<b>13,979</b>	<b>259,546</b>	<b>252,696</b>

1. Includes: Rates &amp; Annual Charges (incl. Ex-Gratia), Non-Capital General Purpose Grants &amp; Unrestricted Investment Income.



# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 2(b). Components of Functions

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

#### **GOVERNANCE**

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

#### **ADMINISTRATION**

Costs not otherwise attributed to other functions.

#### **PUBLIC ORDER & SAFETY**

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

#### **HEALTH**

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

#### **COMMUNITY SERVICES & EDUCATION**

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

#### **HOUSING & COMMUNITY AMENITIES**

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public, cemeteries, public conveniences, other community amenities.

#### **WATER SUPPLIES**

#### **SEWERAGE SERVICES**

#### **RECREATION & CULTURE**

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

#### **FUEL & ENERGY - Gas Supplies**

#### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries and pits, other.

#### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, street lighting, other.

#### **ECONOMIC AFFAIRS**

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

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2007	Actual 2006
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		2,834	2,713
Farmland		4,193	3,979
Mining		120	-
Business		931	899
<b>Total Ordinary Rates</b>		<b>8,078</b>	<b>7,591</b>
<b>Special Rates</b>			
Wee Waa Drainage		118	119
Wee Waa Levee			18
Tourism		43	39
<b>Total Special Rates</b>		<b>161</b>	<b>176</b>
<b>Annual Charges (pursuant to s.496 &amp; s.501)</b>			
Domestic Waste Management Services		1,022	933
Water Supply Services		866	661
Sewerage Services		1,429	1,539
<b>Total Annual Charges</b>		<b>3,317</b>	<b>3,133</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>11,556</b>	<b>10,900</b>

Council has used 2003 valuations provided by the NSW Valuer General in calculating its rates.

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2007	Actual 2006
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		431	393
Sewerage Services		77	72
Waste Management Services (non-domestic)		156	155
<b>Total User Charges</b>		<b>664</b>	<b>620</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Planning & Building Regulation		229	178
Private Works - Section 67 .		123	87
Regulatory/ Statutory Fees		23	20
Registration Fees		33	8
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>408</b>	<b>293</b>
<b>(ii) Fees &amp; Charges - Other</b> (incl. General User Charges (per s.610C))			
Aerodrome		169	156
Caravan Park		50	48
Cemeteries		87	109
Contributions to Works		66	48
Leaseback Fees - Vehicles		90	84
Quarry Revenues		2	62
RTA Charges (State Roads not controlled by Council)		1,178	1,798
Saleyards		311	236
Swimming Centre		82	89
Trade Waste		16	23
Waste Disposal Tipping Fees		74	23
Other		29	33
<b>Total Fees &amp; Charges - Other</b>		<b>2,154</b>	<b>2,709</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>3,226</b>	<b>3,622</b>

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2007	Actual 2006
<b>(c). Interest &amp; Investment Revenue</b>			
Interest on Overdue Rates & Charges		72	77
Interest earned on Investments		629	361
Fair Value Annual Movements in Investments		760	685
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>1,461</b>	<b>1,123</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		72	77
General Council Investments		691	548
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		4	1
Water Fund Operations		515	403
Sewerage Fund Operations		174	94
Domestic Waste Management operations		5	
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>1,461</b>	<b>1,123</b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		130	137
Fines		13	12
Legal Fees Recovery - Rates (Extra Charges)		43	23
Cultural Centre		170	229
Distribution Reuse Farm		69	69
Employment Services		54	39
Insurance Claim Recoveries		68	
Recoverable Expenses		134	100
Sales - General		291	509
Other		8	49
<b>TOTAL OTHER REVENUE</b>		<b>980</b>	<b>1,167</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 3. Income from Continuing Operations (continued)

\$ '000	2007 Operating	2006 Operating	2007 Capital	2006 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance				
Financial Assistance - General Component	2,564	2,476		
Financial Assistance - Local Roads Component	1,642	1,563		
Pensioners' Rates Subsidies - General Component	93	96		
<b>Total General Purpose</b>	<b>4,299</b>	<b>4,135</b>	-	-
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	36	36		
- Sewerage	33	33		
- Domestic Waste Management	28	28		
Water Supplies			51	
Bushfire & Emergency Services	208	257		
Community Events	3	4		
Domestic Waste Management				90
Flood Restoration	3,101	6,562		
Flood Plains - Voluntary Purchase				95
Heritage & Cultural	5	3		
Library	52	52		
Local Environment Plan		30		
Noxious Weeds	100	99		
RTA Determined Works - 3x3	163	163		
Tourism	22	90		
Transport (Roads to Recovery)	924	1,908	5,920	
Transport (Other Roads & Bridges Funding)				287
Wee Waa Levy				85
Flood Studies	26			
Other	12	13		9
<b>Total Specific Purpose</b>	<b>4,713</b>	<b>9,278</b>	<b>5,971</b>	<b>566</b>
<b>Total Grants</b>	<b>9,012</b>	<b>13,413</b>	<b>5,971</b>	<b>566</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	5,152	6,054	5,920	-
- State Funding	3,860	7,359	51	566
- Other Funding	-	-	-	-
	<b>9,012</b>	<b>13,413</b>	<b>5,971</b>	<b>566</b>

## (f). Contributions

**Developer Contributions:**

(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):

S 94 - Contributions towards amenities/services

			47	16
--	--	--	----	----

<b>Total Developer Contributions</b>	17	-	-	<b>47</b>	<b>16</b>
--------------------------------------	----	---	---	-----------	-----------

**Other Contributions:**

Bush Fire &amp; Emergency Services

80

Parks &amp; Gardens

20

RTA Contributions (Regional/Local, Block Grant)

1,164

1,142

West Narrabri Depot

318

Other

9

37

**Total Other Contributions****1,173****1,179****-****418****Total Contributions****1,173****1,179****47****434****TOTAL GRANTS & CONTRIBUTIONS****10,185****14,592****6,018****1,000**

## (g). Restrictions relating to Grants and Contributions

**Actual  
2007****Actual  
2006****Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period

2,025

1,441

add: Grants and contributions recognised in the current period which have not been spent:

4,811

1,695

less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:

(1,300)

(1,111)

**Net Increase (Decrease) in****Restricted Assets during the Current Reporting Period****3,511****584****Unexpended at the Close of this Reporting Period and held as Restricted Assets****5,536****2,025****Comprising:**

- Specific Purpose Unexpended Grants

5,422

1,962

- Developer Contributions

114

63

- Other Contributions

**5,536****2,025**

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2007	Actual 2006
<b>(a) Employee Costs</b>			
Salaries and Wages		5,196	4,998
Travelling		71	27
Employee Leave Entitlements (ELE)		779	705
Superannuation		455	404
Workers' Compensation Insurance		278	126
Fringe Benefit Tax (FBT)		20	42
Training Costs (other than Salaries & Wages)		140	140
Protective Clothing		27	25
Other		133	141
<b>Total Employee Costs</b>		<b>7,099</b>	<b>6,608</b>
less: Capitalised Costs		(263)	(232)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>6,836</b>	<b>6,376</b>
Number of "Equivalent Full Time" Employees at year end		116	115
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		572	504
<b>Total Interest Bearing Liability Costs</b>		<b>572</b>	<b>504</b>
less: Capitalised Costs			
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>572</b>	<b>504</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>572</b>	<b>504</b>

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2007	Actual 2006
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		8,900	13,083
Contractor & Consultancy Costs			
- Waste Collection		343	316
- Management Fees		121	100
- Other		200	9
Auditors Remuneration			
- Council's Auditor:			
i. Audit Services		22	20
Legal Expenses - Planning & Development		7	6
Legal Expenses - Other		12	36
Legal Expenses - Debt Recovery		42	21
Operating Lease Rentals - Minimum Lease Payments <sup>1</sup>		65	73
<b>Total Materials &amp; Contracts</b>		<b>9,712</b>	<b>13,664</b>
less: Capitalised Costs			
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>9,712</b>	<b>13,664</b>
<b>1. Operating Leases are attributable to:</b>			
- Computers		44	58
- Other		21	15
		<b>65</b>	<b>73</b>



## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2007	Actual 2006	Actual 2007	Actual 2006
<b>(d) Depreciation, Amortisation &amp; Impairment</b>				
Plant and Equipment	944	885	-	-
Office Equipment	74	77	-	-
Furniture & Fittings	64	62	-	-
Property, Plant & Equipment - Leased	-	-	-	-
Land Improvements (depreciable)	125	23	-	-
Buildings	316	257	-	-
Other Structures	220	237	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	2,447	2,373	-	-
- Stormwater Drainage	138	122	-	-
- Water Supply Network	306	288	-	-
- Sewerage Network	625	626	-	-
<b>Total Depreciation &amp; Impairment Costs</b>	<b>5,259</b>	<b>4,950</b>	-	-
less: Capitalised Costs				
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>	<b>5,259</b>	<b>4,950</b>	-	-

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2007	Actual 2006
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		143	94
Bad & Doubtful Debts		37	31
Bank Charges & Agency Fees		58	50
Cleaning		87	81
Contributions to Other Levels of Government			
- Fire Services		223	209
- Planning Services		69	43
Councillor Expenses - Mayoral Fee		18	17
Councillor Expenses - Councillors Fees		91	97
Councillors Expenses (incl Mayor) - Other (excluding fees above)		37	38
Donations, Contributions			
- Donations, Contributions & Assistance to other organisations (Section 356)		2	2
- Donations & Contributions: Other		337	363
Electricity & Heating		476	411
Fire Control Expenses		155	196
Insurance		320	343
Insurance Settlement			167
Office Expenses (including computer expenses)		243	259
Postage		30	23
Printing & Stationery		111	94
Street Lighting		260	256
Subscriptions & Publications		58	53
Telephone & Communications		116	98
Tourism Expenses (excluding employee costs)		258	283
Valuation Fees		45	35
Recoverable Expenses		99	30
Payment to Gwdir Shire Council (Auslink)		1,616	
<b>Total Other Expenses</b>		<b>4,889</b>	<b>3,273</b>
less: Capitalised Costs			
<b>TOTAL OTHER EXPENSES</b>		<b>4,889</b>	<b>3,273</b>

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2007	Actual 2006
<b>Property (excl. Investment Property)</b>			
Proceeds from Disposal		83	114
less: Carrying Amount of Property Assets Sold		(243)	(222)
<b>Net Gain/(Loss) on Disposal</b>		<b>(160)</b>	<b>(108)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		641	341
less: Carrying Amount of P&E Assets Sold		(416)	(194)
<b>Net Gain/(Loss) on Disposal</b>		<b>225</b>	<b>147</b>
<b>Financial Assets</b>			
Proceeds from Disposal		5,492	1,568
less: Carrying Amount of Financial Assets Sold		(5,478)	(1,568)
<b>Net Gain/(Loss) on Disposal</b>		<b>14</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>79</b>	<b>39</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	2007		2006	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>				
Cash on Hand and at Bank	5,252		442	
Cash-Equivalent Assets <sup>1</sup>				
- NCD's, FRN's	1,000			
<b>Total Cash &amp; Cash Equivalents</b>	<b>6,252</b>	<b>-</b>	<b>442</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>				
- Managed Funds	10,206		12,996	
- NCD's, FRN's (with Maturities > 3 months)				1,000
- CDO's	504	8,483		5,099
<b>Total Investment Securities</b>	<b>10,710</b>	<b>8,483</b>	<b>12,996</b>	<b>6,099</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>	<b>16,962</b>	<b>8,483</b>	<b>13,438</b>	<b>6,099</b>

<sup>1</sup> Those Investments where Maturity (from date of purchase) is < 3 mths.

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit &amp; Loss"

	2007 Actual Current	2007 Actual Non Current	2006 Actual Current	2006 Actual Non Current
a. "At Fair Value through the Profit & Loss"	6,252	-	442	-

**Investments**

Nil

a. "At Fair Value through the Profit &amp; Loss"

- "Held for Trading"

	2007 Actual Current	2007 Actual Non Current	2006 Actual Current	2006 Actual Non Current
a. "At Fair Value through the Profit & Loss"	10,710	8,483	12,996	5,099

b. "Held to Maturity"

	2007 Actual Current	2007 Actual Non Current	2006 Actual Current	2006 Actual Non Current
b. "Held to Maturity"	-	-	-	1,000

Investments

	2007 Actual Current	2007 Actual Non Current	2006 Actual Current	2006 Actual Non Current
Investments	10,710	8,483	12,996	6,099

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 6b. Investments (continued)

\$ '000	2007		2006	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Nil				
Balance at the Beginning of the Year	12,996	5,099	9,035	
Revaluations (thru the Income Statement)	760	(14)	685	
Additions	8,354	8,876	4,875	6,667
Disposals (sales & redemptions)	(11,400)	(5,478)	(1,599)	(1,568)
<b>Balance at End of Year</b>	<b>10,710</b>	<b>8,483</b>	<b>12,996</b>	<b>5,099</b>
<b>Comprising:</b>				
- Managed Funds	10,206	-	12,996	
- CDO's	504	8,483		5,099
<b>Total</b>	<b>10,710</b>	<b>8,483</b>	<b>12,996</b>	<b>5,099</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Nil				
Balance at the Beginning of the Year	-	1,000	5,072	-
Additions	-	-		1,000
Disposals (sales & redemptions)			(5,072)	
Transfers between Current/Non Current		(1,000)		
<b>Balance at End of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)				1,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments

\$ '000	2007		2006	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>16,962</b>	<b>8,483</b>	<b>13,438</b>	<b>6,099</b>
<b>attributable to:</b>				
External Restrictions (refer below)	7,071	8,483	5,401	6,099
Internal Restrictions (refer below)	8,400	-	5,235	-
Unrestricted	1,491	-	2,802	-
	<b>16,962</b>	<b>8,483</b>	<b>13,438</b>	<b>6,099</b>
<b>Details of Restrictions</b>	<b>Opening Balance</b>	<b>Transfers to Restrictions</b>	<b>Transfers from Restrictions</b>	<b>Closing Balance</b>
<b>External Restrictions - Included in Liabilities</b>				
Nil				
<b>External Restrictions - Other</b>				
Developer Contributions - General (D)	63	51	-	114
Specific Purpose Unexpended Grants (F)	1,962	3,460	-	5,422
Water Supplies (G)	7,102	-	(174)	6,928
Sewerage Services (G)	1,887	671	-	2,558
Domestic Waste Management (G)	2	1,118	(961)	159
Special Levy - Wee Waa Drainage (G)	484	178	(289)	373
<b>External Restrictions - Other</b>	<b>11,500</b>	<b>5,478</b>	<b>(1,424)</b>	<b>15,554</b>
<b>Total External Restrictions</b>	<b>11,500</b>	<b>5,478</b>	<b>(1,424)</b>	<b>15,554</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments (continued)

2007 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Deposits, Retentions & Bonds	199	7		206
Employees Leave Entitlement	691		(7)	684
Contributions and Donations	12			12
SES Headquarters	5			5
Economic Development	51			51
Provision of Medical Services	110			110
Quarries	382	3,282	(1,399)	2,265
Caravan Park, Narrabri	46	50	(62)	34
Nurruby Land Purchase	60	15		75
Office Equipment	125	10		135
Roads	300		(300)	-
Aerodromes	88	177	(137)	128
RTA Single Invitation Contract	200			200
Replacement of Plant & Vehicles	745	3,275	(3,508)	512
Swimming Pools	446	80		526
Tourism	24	89	(83)	30
Kamilaroi Highway Group	39		(39)	-
Restricted Funding	77	124		201
Floodprone Land Purchase Scheme	-	33		33
Cultural Centre	134			134
Road Upgrades - DA	12		(12)	-
Saleyards	31	310	(209)	132
Library	30	25		55
Housing	20	13		33
Administration Building	67	20		87
Parks & Gardens	66	217	(51)	232
Gwabegar Hall	24			24
Carry Overs	1,169	1,255		2,424
Section 355 Committee Funds	82		(10)	72
<b>Total Internal Restrictions</b>	<b>5,235</b>	<b>8,982</b>	<b>(5,817)</b>	<b>8,400</b>
<b>TOTAL RESTRICTIONS</b>	<b>16,735</b>	<b>14,460</b>	<b>(7,241)</b>	<b>23,954</b>

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

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

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

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 7. Receivables

\$ '000	2007		2006	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	558	270	556	308
Interest & Extra Charges	80	65	70	80
User Charges & Fees	251	61	382	73
Contributions to Works		79		174
Capital Debtors (being sale of assets)				
- Sale of Land	18			
- Other Asset Sales	17			
Accrued Revenues				
- Interest on Investments	39		20	
- Refuse Farm Distribution	76		76	
- Other Income Accruals	17		2	
Government Grants & Subsidies	769	50	265	100
Deferred Debtors	6	17	11	17
Amounts due from Other Councils				
Net GST Receivable	204		14	
FBT Receivable	12		19	
Other Debtors (specify if material)			107	
<b>Total</b>	<b>2,047</b>	<b>542</b>	<b>1,522</b>	<b>752</b>
<b>less: Provision for Doubtful Debts</b>				
Rates & Annual Charges		(18)		(24)
Interest & Extra Charges		(9)		(10)
User Charges & Fees	(43)		(6)	
Other Debtors (specify if material)			(105)	
<b>Total Provisions for Doubtful Debts</b>	<b>(43)</b>	<b>(27)</b>	<b>(111)</b>	<b>(34)</b>
<b>TOTAL NET RECEIVABLES</b>	<b>2,004</b>	<b>515</b>	<b>1,411</b>	<b>718</b>
<b>Externally Restricted Receivables</b>				
Nil				
<b>Water Supply</b>				
- Rates & Availability Charges	79	131	49	44
- Other	-	-	16	167
<b>Sewerage Services</b>				
- Rates & Availability Charges	101	43	107	40
- Other	77	34	75	78
<b>Domestic Waste Management</b>	62	25	58	32
<b>Other</b>				
- Wee Waa Drainage	11	5	11	7
<b>Total External Restrictions</b>	<b>330</b>	<b>238</b>	<b>316</b>	<b>368</b>
<b>Internally Restricted Receivables</b>				
<b>Unrestricted Receivables</b>	<b>1,674</b>	<b>277</b>	<b>1,095</b>	<b>350</b>
<b>TOTAL NET RECEIVABLES</b>	<b>2,004</b>	<b>515</b>	<b>1,411</b>	<b>718</b>



**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates at 9.00% (2006 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 8. Inventories &amp; Other Assets

\$ '000	2007		2006	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Stores & Materials	254		270	
Trading Stock	399		769	
<b>Total Inventories</b>	<b>653</b>	<b>-</b>	<b>1,039</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	208		192	
<b>Total Other Assets</b>	<b>208</b>	<b>-</b>	<b>192</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>861</b>	<b>-</b>	<b>1,231</b>	<b>-</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 8. Inventories &amp; Other Assets (continued)

\$ '000	2007		2006	
	Current	Non Current	Current	Non Current
<b>(i) Externally Restricted Assets</b>				
<b>Water</b>				
Nil				
<b>Sewerage</b>				
Nil				
<b>Domestic Waste Management</b>				
Nil				
<b>Other</b>				
Nil				
<b>Total Externally Restricted Assets</b>	-	-	-	-
<b>Total Internally Restricted Assets</b>				
<b>Total Unrestricted Assets</b>	861	-	1,231	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<u>861</u>	<u>-</u>	<u>1,231</u>	<u>-</u>

**(ii) Other Disclosures****(a) Current Assets not anticipated to be settled within the next 12 months**

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

	2007	2006
Real Estate for Resale		
Other		
	<u>-</u>	<u>-</u>

**(b) Inventories recognised as an expense for the year included:**

- Stores & Materials	708	644
- Trading Stock	1,395	1,596

**(c) Inventory Write Downs**

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

Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2006			Asset Movements during the Reporting Period				as at 30/6/2007	
	At Cost	Accumulated Deprec.	Carrying Value	Asset Additions <sup>1</sup>	WDV-Asset Disposals	Depreciation Expense	At Cost	Accumulated Dep'n	Carrying Value
	Plant & Equipment	8,408	4,715	3,693	1,687	(416)	(944)	9,246	5,226
Office Equipment	461	319	142	36		(74)	498	394	104
Furniture & Fittings	730	276	454	10		(64)	740	340	400
Plant & Equipment (under Finance Lease)				70		-	70		70
<b>Land</b>									
- Operational	2,524		2,524		(18)		2,506		2,506
- Community	1,905		1,905				1,905		1,905
Land Improvements - depreciable	2,421	109	2,312			(125)	2,421	234	2,187
Buildings	20,510	1,889	18,621	268	(225)	(316)	20,548	2,200	18,348
Other Structures	5,258	1,606	3,652	476		(220)	5,734	1,826	3,908
<b>Infrastructure</b>									
- Roads, Bridges, Footpaths	304,135	140,348	163,787	3,323		(2,447)	307,458	142,795	164,663
- Stormwater Drainage	6,955	3,348	3,607	21		(138)	6,976	3,486	3,490
- Water Supply Network	22,317	10,822	11,495	954		(306)	23,271	11,128	12,143
- Sewerage Network	42,921	25,636	17,285	33		(625)	42,953	26,260	16,693
<b>TOTAL INFRASTRUCTURE</b>									
<b>PROPERTY, PLANT &amp; EQUIP.</b>	<b>418,545</b>	<b>189,068</b>	<b>229,477</b>	<b>6,878</b>	<b>(659)</b>	<b>(5,259)</b>	<b>424,326</b>	<b>193,889</b>	<b>230,437</b>

<sup>1</sup>. Includes Asset Renewals for the year of \$853,000 and Expenditure on New Assets of \$6,025,000.

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	Actual 2007				Actual 2006			
	At Cost	At Value	Dep & Impairm't	Carrying Value	At Cost	At Value	Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	126		103	23	125		96	29
- Operational Land	47			47	52			52
Buildings	35		16	19	35		15	20
Other Structures	174		88	86	174		76	98
Infrastructure	23,271		11,128	12,143	22,318		10,823	11,495
<b>Total Water Supply</b>	<b>23,653</b>	<b>-</b>	<b>11,335</b>	<b>12,318</b>	<b>22,704</b>	<b>-</b>	<b>11,010</b>	<b>11,694</b>
<b>Sewerage Services</b>								
Plant & Equipment	97		91	6	97		89	8
Furniture & Fittings	3		3	-	3		3	-
- Operational Land	377			377	377			377
Buildings	73		25	48	73		22	51
Other Structures	4		3	1	4		3	1
Infrastructure	42,953		26,260	16,693	42,921		25,636	17,285
<b>Total Sewerage Services</b>	<b>43,507</b>	<b>-</b>	<b>26,382</b>	<b>17,125</b>	<b>43,475</b>	<b>-</b>	<b>25,753</b>	<b>17,722</b>
<b>Domestic Waste Management</b>								
- Operational Land	243			243	244			244
- Improvements - depreciable	856		118	738	856		11	845
Buildings	79		21	58	79		17	62
Other Assets	263		109	154	135		93	42
<b>Total DWM</b>	<b>1,441</b>	<b>-</b>	<b>248</b>	<b>1,193</b>	<b>1,314</b>	<b>-</b>	<b>121</b>	<b>1,193</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>68,601</b>	<b>-</b>	<b>37,965</b>	<b>30,636</b>	<b>67,493</b>	<b>-</b>	<b>36,884</b>	<b>30,609</b>

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007Note 9c. Infrastructure, Property, Plant & Equipment  
Gains/(Losses) arising from the Impairment of Assets

\$ '000	Notes	Actual 2007	Actual 2006
<b>(i) Impairment Losses recognised in the Statement of Financial Performance include:</b>			
<b>Total Impairment Losses</b>		-	-
<b>(ii) Reversals of Impairment Losses previously recognised in the Statement of Financial Performance include:</b>			
<b>Total Impairment Reversals</b>		-	-
<b><u>IMPAIRMENT of ASSETS - GAINS/(LOSSES)</u></b>		<b>-</b>	<b>-</b>

**NB.** Impairment Adjustments relating to other assets may have been recognised direct to Equity

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 10a. Payables, Interest Bearing Liabilities &amp; Provisions

\$ '000	Notes	2007		2006	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - Operating		1,145		1,158	
Goods & Services - Capital Expenditure				598	
Payments Received In Advance		100		79	
Accrued Expenses;					
- Interest Bearing Liabilities		68		51	
Security Bonds, Deposits & Retentions		206		199	
Department of Commerce - Call Payments		136		136	
Other		10		8	
<b>Total Payables</b>		<b>1,665</b>	<b>-</b>	<b>2,229</b>	<b>-</b>
<b>Interest Bearing Liabilities</b>					
Loans - Secured <sup>1</sup>		479	8,847	412	7,766
Finance Lease Liabilities		26	51		
<b>Total Interest Bearing Liabilities</b>		<b>505</b>	<b>8,898</b>	<b>412</b>	<b>7,766</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		518		532	
Sick Leave		372		347	
Long Service Leave		666	63	697	53
<b>Sub Total - Aggregate Employee Benefits</b>		<b>1,556</b>	<b>63</b>	<b>1,576</b>	<b>53</b>
<b>Total Provisions</b>		<b>1,556</b>	<b>63</b>	<b>1,576</b>	<b>53</b>
<b>Total Payables, Interest Bearing Liabilities &amp; Provisions</b>		<b>3,726</b>	<b>8,961</b>	<b>4,217</b>	<b>7,819</b>

## (i) Liabilities relating to Restricted Assets

	2007		2006	
	Current	Non Current	Current	Non Current
Water	85	71	88	81
Sewer	394	1,918	379	2,060
<b>Total Restricted Liabilities</b>	<b>479</b>	<b>1,989</b>	<b>467</b>	<b>2,141</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

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

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 10a. Payables, Interest Bearing Liabilities &amp; Provisions (continued)

\$ '000

## (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

	<b>2007</b>	<b>2006</b>
Provisions: including Employees Leave Entitlements	<u>1,199</u>	<u>1,243</u>
	<b>1,199</b>	<b>1,243</b>

## Note 10b. Description of and movements in Provisions

Class of Provision	2006		2007		Unused amounts reversed	Closing Balance as at 30/6/07
	Opening Balance as at 1/7/06	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Annual Leave	532	432	(446)			518
Sick Leave	347	181	(156)			372
Long Service Leave	750	159	(180)			729
<b>TOTAL</b>	<u>1,629</u>	<u>772</u>	<u>(782)</u>	-	-	<u>1,619</u>

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



## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2007	Actual 2006
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	6,252	442
<b>BALANCES as per STATEMENT of CASH FLOWS</b>		<b>6,252</b>	<b>442</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>6,199</b>	<b>3,693</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		5,259	4,950
Losses/(Gains) recognised on Fair Value Re-measurements thru the P&L			
- Investments classified as "@ Fair Value" or "Held for Trading"		(760)	(685)
Net Losses/(Gains) on Disposal of Assets		(79)	(39)
Share of Net (Profits) or Losses of Associates/Joint Ventures		38	(17)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(285)	1,760
Increase/(Decrease) in Provision for Doubtful Debts		(75)	32
Decrease/(Increase) in Inventories		386	(65)
Decrease/(Increase) in Other Current Assets		(16)	11
Increase/(Decrease) in Payables		(13)	383
Increase/(Decrease) in accrued Interest Payable		17	2
Increase/(Decrease) in other accrued Expenses Payable		-	-
Increase/(Decrease) in Other Current Liabilities		30	(244)
Increase/(Decrease) in Employee Leave Entitlements		(10)	86
Increase/(Decrease) in Other Provisions		-	-
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT</b>		<b>10,537</b>	<b>9,867</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2007	Actual 2006
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Acquisition of Plant & Equipment by means of Finance Lease		77	-
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>77</b>	<b>-</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Credit Cards / Purchase Cards		300	300
<b>Total Financing Arrangements</b>		<b>300</b>	<b>300</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		20	23
<b>Total Financing Arrangements Utilised</b>		<b>20</b>	<b>23</b>

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

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) At Balance Date the following Loans have been approved by the NSW Department of Local Government for use in the following year:**

- 06/07 Year		1,580
- 07/08 Year (and beyond)	1,070	

**(iii) Secured Loan Liabilities**

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

**(e) Net Cash Flows Attributable to Discontinued Operations**

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2007	Actual 2006
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		295	69
Other		373	593
<b>Total Commitments</b>		<b>668</b>	<b>662</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		668	662
Later than one year and not later than 5 years			-
Later than 5 years			-
<b>Total Payable</b>		<b>668</b>	<b>662</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unexpended Grants		76	
Externally Restricted Reserves		297	593
Internally Restricted Reserves		295	
Unexpended Loans			69
<b>Total Sources of Funding</b>		<b>668</b>	<b>662</b>
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Waste Management Services		3,592	2,061
Cleaning Services			29
Audit Services		37	56
Street Sweeper Services		-	21
Management Services		50	170
Labour & Plant		608	913
<b>Total Commitments</b>		<b>4,287</b>	<b>3,250</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		1,091	836
Later than one year and not later than 5 years		3,196	2,070
Later than 5 years			344
<b>Total Payable</b>		<b>4,287</b>	<b>3,250</b>

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2007	Actual 2006
<b>(c) Finance Lease Commitments</b>			
<b>(i) Commitments under Finance Leases at the Reporting Date are payable as follows:</b>			
Within the next year		33	
Later than one year and not later than 5 years		56	
Later than 5 years			
<b>Total Minimum Lease Payments</b>		<b>89</b>	-
less: Future Finance Charges		(12)	
<b>Amount Recognised as a Liability</b>		<b>77</b>	-
<b>(ii) Finance Lease Liability Recognised represent;</b>			
Current Liabilities		26	-
Non-Current Liabilities		51	-
<b>Total Finance Lease Liabilities Disclosed</b>		<b>77</b>	-
<b>(iii) General Details</b>			
Council Leases the following Property, Plant & Equipment under Finance Leases:			
	Term (Years)	Option to Purchase	Contingent Rent Clauses
Other Equipment/Assets	3	Y	N
<b>Total Carrying Value at Year End</b>			
		<b>77</b>	-
		<b>77</b>	-
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		47	47
Later than one year and not later than 5 years		30	77
Later than 5 years			-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>77</b>	<b>124</b>
<b>b. Non Cancellable Operating Leases include the following assets:</b>			
Computers			
Contingent Rentals may be payable depending on the condition of items or usage during the lease term.			

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2007	Actual 2006
---------	-------	----------------	----------------

**Conditions relating to Finance & Operating Leases:**

- All Finance & Operating Lease Agreement are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

**(e) Investment Property Commitments**

Nil

**(f) Remuneration Commitments**

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year	434	290
Later than one year and not later than 5 years	1,216	891
Later than 5 years	-	-
<b>Total Payable</b>	<b>1,650</b>	<b>1,181</b>

**(g) Investment in Associates / Joint Ventures - Commitments**

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 13. Statement of Performance Measurement

\$ '000	Amounts 2007	Indicator 2007	Prior Periods	
			2006	2005
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	12,426	6.07 : 1	4.14	6.43
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	2,048			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	1,004	4.65%	4.33%	5.09%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	21,601			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	11,556	34.49%	33.58%	41.78%
Revenue from Continuing Operations	33,505			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	946	7.48%	8.23%	7.94%
Rates, Annual & Extra Charges Collectible	12,651			
<b>5. Asset Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	853	16.22%	n/a	n/a
Depreciation, Amortisation & Impairment	5,259			

## Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

<sup>(2)</sup> Refer to Note 10(a).

<sup>(3)</sup> Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.

<sup>(4)</sup> Asset Renewals represents Capital Expenditure on the replacement, refurbishment or upgrade to an existing Asset/s.

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 14. Investment Properties

<b>\$ '000</b>	<b>Actual 2007</b>	<b>Actual 2006</b>
----------------	------------------------	------------------------

Council has not classified any Land or Buildings as "Investment Properties"

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 15. Financial Instruments

\$ '000	Floating Interest Rate	Fixed Interest Rate						Non Interest Bearing	Total
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>(a) Exposure to Interest Rate Risk</b>									
Council's exposure to Interest Rate Risk & the effective weighted average interest rates by maturity for each class of Financial Assets & Financial Liabilities is set out below. Exposures arise predominantly from assets & liabilities with variable interest rates, which Council intends to hold to maturity.									
<b>2007</b>									
Cash & Cash Equivalents	-	6,252							6,252
Investment Securities	-	10,710	200	605	2,675	2,053	2,950		19,193
Receivables		657	369					1,493	2,519
<b>Total Financial Assets</b>	<b>-</b>	<b>17,619</b>	<b>569</b>	<b>605</b>	<b>2,675</b>	<b>2,053</b>	<b>2,950</b>	<b>1,493</b>	<b>27,964</b>
Weighted Avg Interest Rate		6.05%	5.84%	6.61%	6.69%	6.69%	6.69%		
Trade/Other Payables								1,565	1,565
Loans & Advances		479	441	486	516	516	6,888	-	9,326
Lease Liabilities		26	28	23					77
<b>Total Financial Liabilities</b>	<b>-</b>	<b>505</b>	<b>469</b>	<b>509</b>	<b>516</b>	<b>516</b>	<b>6,888</b>	<b>1,565</b>	<b>10,968</b>
Weighted Avg Interest Rate		6.6%	6.6%	6.6%	6.5%	6.3%	6.3%		
<b>Net Financial Assets/Liabilities</b>	<b>-</b>	<b>17,114</b>	<b>100</b>	<b>96</b>	<b>2,159</b>	<b>1,537</b>	<b>(3,938)</b>	<b>(72)</b>	<b>16,996</b>
<b>2006</b>									
Cash & Cash Equivalents	-	442							442
Investment Securities	-	12,996	1,000		508	558	4,033		19,095
Receivables		980	354					795	2,129
<b>Total Financial Assets</b>	<b>-</b>	<b>14,418</b>	<b>1,354</b>	<b>-</b>	<b>508</b>	<b>558</b>	<b>4,033</b>	<b>795</b>	<b>21,666</b>
Weighted Avg Interest Rate		8.0%	7.0%		6.2%	6.2%	6.2%		
Trade/Other Payables								2,150	2,150
Loans & Advances		412	1,154	1,047	3,944	167	1,454	-	8,178
Lease Liabilities									-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>412</b>	<b>1,154</b>	<b>1,047</b>	<b>3,944</b>	<b>167</b>	<b>1,454</b>	<b>2,150</b>	<b>10,328</b>
Weighted Avg Interest Rate		6.3%	6.3%	6.2%	6.3%	6.5%	6.2%		
<b>Net Financial Assets/Liabilities</b>	<b>-</b>	<b>14,006</b>	<b>200</b>	<b>(1,047)</b>	<b>(3,436)</b>	<b>391</b>	<b>2,579</b>	<b>(1,355)</b>	<b>11,338</b>



## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 15. Financial Instruments (continued)

\$ '000	Notes	2007		2006	
		Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
<b>(b) Net Fair Value</b>					
A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.					
<b>Financial Assets</b>					
Cash and Cash Equivalents		6,252	6,252	442	442
Investments					
- "Held for Trading"		19,193	19,193	18,095	18,095
- "Held to Maturity"		-	-	1,000	1,000
Receivables		2,519	2,519	2,129	2,129
<b>Total Financial Assets</b>		<b>27,964</b>	<b>27,964</b>	<b>21,666</b>	<b>21,666</b>
<b>Financial Liabilities</b>					
Payables		1,565	1,565	2,150	2,150
Loans / Advances		9,326	9,326	8,178	8,178
Lease Liabilities		77	77	-	-
<b>Total Financial Liabilities</b>		<b>10,968</b>	<b>10,968</b>	<b>10,328</b>	<b>10,328</b>

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

Where a market exists, the net fair value of other financial assets and liabilities is based upon market prices - otherwise the expected future cash flows are discounted by the prevailing interest rates for assets and liabilities with similar risk profiles.

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 15. Financial Instruments (continued)

---

\$ '000

---

##### (c) Credit Risk

The credit risk of financial assets (excluding investment securities) is the carrying amount net of any provision for doubtful debts.

Council has an Investment Policy which seeks to minimise the risk of capital loss. Investments are placed in accordance with the Local Government Investment Order which restricts investments to securities carrying a credit rating of "A" or better, Governments, and deposit facilities with Banks, Building Societies and Credit Unions.

Debtors for rates & charges are secured by a charge over the land to which it relates.

There are no significant concentrations of credit risk to any single debtor or group of debtors - apart from a natural geographic concentration relating to Rates & Annual Charges that pertain to Council's Local Government Area.

##### (d) Policies

Council's accounting policies in respect of Financial Assets and Financial Liabilities are described in Note 1.

##### (e) Terms & Conditions

There are no Terms & Conditions associated with Financial Assets and Financial Liabilities which may significantly affect the amount, timing and certainty of future cash flows.

Some Financial Investments that are currently classified as "Held to Maturity" or which are "Capital Guaranteed" may be subject to a redemption price lower than their current book value, should they be redeemed before maturity. These Financial Investments have a book value at 30/6 of \$20,315,536.

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 06/07 was incorporated as part of its Management Plan and was adopted by the Council on 16 October 2007.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act permits Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various movements in actuals versus budget that invariably occur throughout the year.

This Note accordingly 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 during each Quarterly Budget Review.

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

Note that for Variations: F = Favourable Budget Variation, U = Unfavourable Budget Variation

REVENUES	2007 Budget	2007 Actual	2007 Variance*		
Rates & Annual Charges	11,579	11,556	(23)	(0.2%)	U
User Charges & Fees	3,129	3,226	97	3%	F
Interest & Investment Revenue	1,131	1,461	330	29%	F
Favourable investment market conditions, a change of investment strategy and conservative estimates have all contributed to higher than budgeted investment interest income.					
Other Revenues	513	980	467	91%	F
Significant variations over budget that have occurred are Section 355 income (\$23K), diesel fuel rebate (\$47K), scrap metal sales (\$50K), insurance refund (\$68K) and recovered expenses (\$78K).					
Operating Grants & Contributions	6,954	10,185	3,231	46%	F
Unbudgeted flood restoration funding has created the variation to budget this year.					
Capital Grants & Contributions	67	6,018	5,951	8882%	F
Unbudgeted Auslink Roads to Recovery funding has created the variation to budget this year. This funding will be used to complete sealing works from Coonamble to Bingara.					
Net Gains from Disposal of Assets	269	79	(190)	(71%)	U
Council disposed of a building during the year and the loss on sale has created an unfavourable budget variance.					
Share of Net Profits - Joint Ventures & Associates	-	-	-	0%	F

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 16. Material Budget Variations (continued)

\$ '000	2007 Budget	2007 Actual	2007 Variance*		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	6,931	6,836	95	1%	F
<b>Borrowing Costs</b>	588	572	16	3%	F
<b>Materials &amp; Contracts</b>	7,106	9,712	(2,606)	(37%)	U
Unbudgeted expenditure on flood restoration has created an unfavourable variation to budget this year.					
<b>Depreciation &amp; Amortisation</b>	5,660	5,259	401	7%	F
<b>Impairment Expenses</b>	-	-	-	0%	F
<b>Other Expenses</b>	2,355	4,889	(2,534)	(108%)	U
Significant variations over budget that have occurred are bad debts written off (\$30K), consultancies (\$145K), recoverable expenses (\$123K), advertising staff vacancies (\$40K), printing & stationery (\$28K).					
<b>Net Losses from Disposal of Assets</b>	-	-	-	0%	F
<b>Share of Net Losses - Joint Ventures &amp; Associates</b>	-	38	(38)	0%	U
<b>Operating Result from Discontinued Operations</b>	-	-	-	0%	F

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 17. Statement of Developer Contributions

\$ '000

Under Section 94 & Section 94A of the Environmental Planning and Assessment Act 1979, a Council may require (i) the payment of a monetary contribution or dedication of land or (ii) a % levy on the value of development, in relation to development works that are subject to a development consent issued by Council.

These developer contributions (under S94) or developer levies (under S94A) must be spent specifically for the purpose they were levied and any interest applicable to unspent funds must be attributed to the funds and also spent in accordance with the purpose levied.

As well, Council may under Section 93F enter into a Planning Agreement with Developers under which the developer is required to either dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit (or any combination of the three) to be used for or applied towards a public purpose.

S94F funds are also required to be spent on the public purposes nominated within each individual Planning Agreement.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in use by their nature and must be spent for the specific purposes raised.

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	-	-	-	-	-	-	-	-	-	-
Roads	17	27	-	1	-	-	45	-	-	45
Traffic Facilities	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-
Open Space	18	7	-	1	-	-	26	-	-	26
Community Facilities	10	4	-	1	-	-	15	-	-	15
Bushfire	18	9	-	1	-	-	28	-	-	28
Other (Specify)	-	-	-	-	-	-	-	-	-	-
Other (Specify)	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>S94 Contributions - under a Plan</b>	<b>63</b>	<b>47</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>114</b>
<b>S94A Levies - Under a Plans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>63</b>	<b>47</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>114</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-	-	-	-
S64 Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions</b>	<b>63</b>	<b>47</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>114</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN No. 1

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage							-			-
Roads	17	27		1			45			45
Traffic Facilities							-			-
Parking							-			-
Open Space	18	7		1			26			26
Community Facilities	10	4		1			15			15
Bushfire	18	9		1			28			28
Other (Specify)							-			-
Other (Specify)							-			-
Other							-			-
<b>Total</b>	<b>63</b>	<b>47</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>114</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 18. Contingencies &amp; Other Assets/Liabilities Not Recognised

\$ '000

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

**LIABILITIES NOT RECOGNISED:****1. Guarantees****(i) Norsure Limited**

Council is a member of Norsure, a mutual pool scheme providing liability insurance to Local Govt.

Norsure is responsible for PL & PI insurance coverage on all claims in excess of \$10,000. Below this threshold, individual Councils are responsible for funding claims.

Claims above \$25,000 are covered by re-insurance policies taken out by Norsure.

Council is liable to contribute any Norsure shortfall by way of additional contributions, should Norsure's liabilities exceed its assets. (Refer also Note 19)

**(i) 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.

**(i) Statewide Limited** (continued)

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.

Statewide's Directors report that the Scheme has an accumulated surplus as at 30 June 2007.

**(iii) 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.

In accordance with the Local Government Act, Council is required to maintain adequate insurance coverage.

In Narrabri's case, insurance coverage is achieved through its membership of Norsure - a Local Govt. Insurance pool.

One of the Insurance policy underwriters for Norsure - the London based "Independent" has been placed in liquidation leaving the member Councils of Norsure liable for 50% of claim costs brought against them under the scheme.

Pending any future claims that fall against this policy, Council believes that it has appropriate insurance coverage.

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 18. Contingencies &amp; Other Assets/Liabilities Not Recognised (continued)

\$ '000

**(ii) S94 Plans**

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

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

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years.

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

**ASSETS NOT RECOGNISED:****(i) Defined Benefit Superannuation Contribution Plans**

The Local Government Superannuation Scheme Pool B (the scheme) is a defined benefit plan that has been deemed to be a 'multi-employer fund' for the purposes of AASB119.

Sufficient information is not available to account for the scheme as a defined benefit plan because the assets to the Scheme are pooled together for all Councils. The amount of employer contributions recognised as an expense for the year ending 30 June 2006 was \$69,327.

The Last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 19th June 2007 and covers the period ended 30 June 2006.

**(i) Defined Benefit Plans (continued)**

This valuation found that the Scheme's assets were \$3,291.1 million and its past service liabilities \$2,980.3 million giving it a surplus of \$310.8 million. The existence of this surplus has resulted in Councils contributing in 2006/2007 at half the normal levels of contributions.

This financial position is monitored annually.

**(ii) Land Under Roads**

As permitted under AASB 1045 and in accordance with DLG recommendations, Council has not brought to account in these Reports the value of Land Under Roads.

This is due to the divergence of opinion as to what value should be ascribed to such assets.

At present, the transitional period for deferral of recognition ends on 31 December 2007.

**(iii) Rural Fire Fighting Assets**

Council has title to and is the registered owner of various rural fire fighting appliances and associated rural fire fighting equipment.

These assets are under the control of the Rural Fire Services to enable them to provide the necessary bushfire protection services to the Council area as set out in its Service Level Agreement with Council.

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.



## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

\$ '000

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

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

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

**Subsidiaries**

Operational Arrangements where Councils Interest & Control exceeds 50% Note 19(a)

**Associated Entities & Joint Venture Entities**

Arrangements in the form of a separate Entity that can that deploys the resources of the operation. Note 19(b)(i)&(ii)

Under Associated Entities, Council significantly influences the operations (but does not control them whilst for JV Entities, Council Jointly Controls the Operations with other parties.

**Joint Venture Operations**

Arrangements that do not comprise an actual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved. Note 19(c)

**Subsidiaries, Associated Entities and Joint Ventures Not Recognised** Note 19(d)

**Accounting Recognition:**

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Statements of Financial Performance and Financial Position.

(ii) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in the Statement of Financial Performance and Financial Position:

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2007	Actual 2006	Actual 2007	Actual 2006
Associated Entities	(38)	17	284	322
Joint Venture Entities	-	-	-	-
<b>Total</b>	<b>(38)</b>	<b>17</b>	<b>284</b>	<b>322</b>

## Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

\$ '000

## 19(a) Subsidiaries (ie. Entities &amp; Operations controlled by Council)

Council has no interest in any Subsidiaries.

## 19(b) Associated Entities &amp; Joint Venture Entities

## (i) ASSOCIATED ENTITIES

## (a) Net Carrying Amounts - Council's Share

Name of Entity	Principal Activity	2007	2006
1. Norsure	Local Govt. Public Liability & Professional Indemnity Insurance Pool.	149	123
2. Central Northern Libraries	Provision of Library Services to member Councils.	135	199
<b>Total Carrying Amounts - Associated Entities</b>		<b>284</b>	<b>322</b>

## (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2007	2006	2007	2006	2007	2006
1. Norsure	14.8%	14.8%	14.8%	14.9%	10.0%	10.0%
2. Central Northern Libraries	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%

## (c) Movement in Carrying Amounts of Councils Equity Interest

	1. Norsure		2. Central Northern Libraries	
	2007	2006	2007	2006
Opening Balance	123	94	199	211
Share in Operating Result	26	29	(64)	(12)
New Capital Contributions				
Distributions Received				
Adjustments to Equity				
<b>Councils Equity Share in the Joint Venture Entity</b>	<b>149</b>	<b>123</b>	<b>135</b>	<b>199</b>

**(d) Summarised Financial Information of Associated Entities - Council's Share**

<b>2007</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net Assets</b>	<b>Revenues</b>	<b>Profit</b>
1. Norsure	981	832	149	64	26
2. Central Northern Libraries	199	64	135	155	(64)
<b>Totals</b>	<b>1,180</b>	<b>896</b>	<b>284</b>	<b>219</b>	<b>(38)</b>

  

<b>2006</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net Assets</b>	<b>Revenues</b>	<b>Profit</b>
1. Norsure	1,035	912	123	192	29
2. Central Northern Libraries	240	41	199	144	(12)
<b>Totals</b>	<b>1,275</b>	<b>953</b>	<b>322</b>	<b>336</b>	<b>17</b>

**(e) Share of Associated Entities Expenditure Commitments**

	<b>2007</b>	<b>2006</b>
Capital Commitments		-
Other Expenditure Commitments		-
Lease Commitments		-
	<u>-</u>	<u>-</u>

**(f) Contingent Liabilities of Associates**

	<b>2007</b>	<b>2006</b>
Share of Contingent Liabilities incurred jointly with other investors	100%	100%
Share of Contingent Liabilities for which Council is severally liable	100%	100%

**(ii) JOINT VENTURE ENTITIES**

Council has no interest in any Joint Venture Entities.

**19(c) Joint Venture Operations**

Council has no interest in any Joint Venture Operations.

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2007	Actual 2006
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		240,660	236,967
a. Adjustments on adoption of AASB 132/AASB139 as at 1/7/05		n/a	-
b. Correction of Prior Period Errors		-	-
c. Changes in Accounting Policies (Prior Period Effects)		-	-
d. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
e. Net Operating Result for the Year		6,199	3,693
f. Distributions to/(Contributions from) Minority Interests		-	-
g. Transfers between Equity		-	-
h. Other Changes (disclosure required)		-	-
<b>Balance at End of the Reporting Period</b>		<u><u>246,859</u></u>	<u><u>240,660</u></u>

**b. Reserves**

Council has no reportable Equity Reserves.

**c. Correction of Error/s relating to a Previous Reporting Period**

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

**d. Voluntary Changes in Accounting Policies**

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

## Narrabri Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 21. Reinstatement, Rehabilitation & Restoration Liabilities

---

\$ '000

---

Council has various Waste Depots and Quarries situated around the community.

These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

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

- the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,
- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's Financial Results or Financial Position as at 30/6/07.

Accordingly, no Provision amounts have been brought to account in this Financial Report for such future Reinstatement & Restoration Costs".

## Narrabri Shire Council

**Notes to the Financial Statements**  
for the financial year ended 30 June 2007

**Note 22. Non Current Assets/Liabilities classified as "Held for Sale"**

\$ '000	2007		2006	
	Current	Non Current	Current	Non Current

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

# Narrabri Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 23. Events occurring after Balance Sheet Date

---

**\$ '000**

---

Events that occur after the reporting date of 30 June 2007, and up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

Council adopted the date of receipt of the Auditor's Report as the appropriate "authorised for issue" date relating to this General Purpose Financial Report.

Accordingly, the "authorised for issue" date is dd/mm/yy.

Events that occur after the Reporting Date represent one of two types:

**(i) Events that have provided evidence of conditions that existed at the Reporting Date**

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2007.

**(ii) Events that have provided evidence of conditions that arose after the Reporting Date**

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2007 and which are only indicative of conditions that arose after 30 June 2007.

Council is aware of the following "non adjusting events" that merit disclosure;

Council had \$8,987,116 invested in asset backed securities as at 30 June 2007. These investments are managed on behalf of Council by Grange Securites and held in safe custody by ANZ nominees. Since 30 June 2007 the American subprime mortgage market has experienced a downturn. Some of these securities are exposed to this market and as a result have experienced a depreciation in market value. At 30 September 2007 the securities had a market value of \$7,776,214, which is \$706,557 under their face (purchase) value of \$8,482,771. This effectively means that if Council were forced to dispose of these securities at current market values it would incur a loss of \$706,557. This has not been provided for as at 30 June 2007.

Council's position is to hold on to these securities until such time as the market stabilises. The securities continue to pay coupons as they fall due and credit rating have generally remained stable. (Securities must be rated at least A or higher by Standard & Poors or Moody or Prime-1 or higher by Moody's).

At this time Council's investment strategy has also been revised in light of recent events.

## Narrabri Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2007

## Note 24. Discontinued Operations

	Actual	Actual
\$ '000	2007	2006

Council has not classify any of its Operations as "Discontinued".



## Narrabri Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

#### Note 25. Intangible Assets

---

**\$ '000**

---

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant their recognition in the Financial Reports, including either internally generated and developed assets or purchased assets.







# Narrabri Shire Council

SPECIAL PURPOSE FINANCIAL REPORTS  
for the year ended 30 June 2007

---



# Narrabri Shire Council

## Special Purpose Financial Reports for the financial year ended 30 June 2007

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Reports:</b>	
- Income Statement of Water Supply Business Activity	3
- Income Statement of Sewerage Business Activity	4
- Balance Sheet of Water Supply Business Activities	5
- Balance Sheet of Sewerage Business Activities	6
<b>3. Notes to the Special Purpose Financial Reports</b>	<b>7</b>
<b>4. Auditor's Report</b>	<b>ii</b>

---

### Background

- (i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a level playing field between persons competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.  
 These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and (b) those activities with a turnover of over \$2Million that Council has formally declared as a Business Activity (defined as Category 1 activities).
  - (iv) In preparing these financial reports for Councils self classified Category 1 businesses and ABS defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax equivalent regime payments, debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

# Narrabri Shire Council

## Special Purpose Financial Reports

for the financial year ended 30 June 2007

### Statement by Councillors and Management

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

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Department of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The Department of Water and Energy Best Practice Management of Water and Sewerage Guidelines.

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 16 October 2007.**

---

George Sevil  
**MAYOR**

---

Ross Gleeson  
**DEPUTY MAYOR**

---

Max Kershaw  
**GENERAL MANAGER**

---

Glen Warren  
**RESPONSIBLE ACCOUNTING OFFICER**

## Narrabri Shire Council

## Income Statement of Councils Water Supply Business Activity

for the financial year ended 30 June 2007

\$ '000	Actual 2007	Actual 2006	Actual 2005
<b>Income from continuing operations</b>			
Access charges	906	691	1,149
User charges	432	395	434
Fees		5	36
Interest	515	403	343
Grants and contributions provided for non capital purposes	36	36	36
Profit from the sale of assets	6	-	-
Other income	37	92	-
<b>Total income from continuing operations</b>	<b>1,932</b>	<b>1,622</b>	<b>1,998</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	337	235	311
Borrowing costs	6	7	14
Materials and contracts	530	490	164
Depreciation and impairment	326	308	299
Water purchase charges		4	6
Loss on sale of assets		-	-
Calculated taxation equivalents		-	-
Debt guarantee fee (if applicable)		-	-
Other expenses	420	176	273
<b>Total expenses from continuing operations</b>	<b>1,619</b>	<b>1,220</b>	<b>1,067</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>313</b>	<b>402</b>	<b>931</b>
Grants and contributions provided for capital purposes	84	26	125
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>397</b>	<b>428</b>	<b>1,056</b>
Surplus (deficit) from Discontinued Operations		-	
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>397</b>	<b>428</b>	<b>1,056</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(94)	(121)	(279)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>303</b>	<b>307</b>	<b>777</b>
plus Opening Retained Profits	18,903	18,475	17,419
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	94	121	279
less:			
- Tax Equivalent Dividend paid		-	-
- Surplus dividend paid		-	-
<b>Closing Retained Profits</b>	<b>19,300</b>	<b>18,903</b>	<b>18,475</b>
<b>Return on Capital %</b>	<b>2.6%</b>	<b>3.5%</b>	<b>8.0%</b>
<b>Subsidy from Council</b>	<b>451</b>	<b>267</b>	<b>n/a</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	303	307	777
less: Capital grants and contributions (excluding developer contributions)	(51)	-	(57)
<b>Surplus for dividend calculation purposes</b>	<b>252</b>	<b>307</b>	<b>720</b>
<b>Potential Dividend calculated from surplus</b>	<b>126</b>	<b>154</b>	<b>360</b>

This Statement is to be read in conjunction with the attached Notes

page 3



## Narrabri Shire Council

## Income Statement of Councils Sewerage Business Activity

for the financial year ended 30 June 2007

\$ '000	Actual 2007	Actual 2006	Actual 2005
<b>Income from continuing operations</b>			
Access charges	1,458	1,569	1,068
User charges	82	74	74
Liquid Trade Waste Charges		1	15
Fees	1	9	-
Interest	174	94	61
Grants and contributions provided for non capital purposes	33	33	33
Profit from the sale of assets		-	27
Other income	180	69	50
<b>Total income from continuing operations</b>	<b>1,928</b>	<b>1,849</b>	<b>1,328</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	316	275	388
Borrowing costs	141	150	161
Materials and contracts	400	498	592
Depreciation and impairment	629	634	653
Loss on sale of assets		-	-
Calculated taxation equivalents		-	-
Debt guarantee fee (if applicable)		-	-
Other expenses	319	102	8
<b>Total expenses from continuing operations</b>	<b>1,805</b>	<b>1,659</b>	<b>1,802</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>123</b>	<b>190</b>	<b>(474)</b>
Grants and contributions provided for capital purposes	33	22	55
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>156</b>	<b>212</b>	<b>(419)</b>
Surplus (deficit) from discontinued operations		-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>156</b>	<b>212</b>	<b>(419)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(37)	(57)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>119</b>	<b>155</b>	<b>(419)</b>
plus Opening Retained Profits	17,470	17,258	17,677
adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	37	57	-
less:			
- Tax Equivalent Dividend paid		-	-
- Surplus dividend paid		-	-
<b>Closing Retained Profits</b>	<b>17,626</b>	<b>17,470</b>	<b>17,258</b>
<b>Return on Capital %</b>	<b>1.5%</b>	<b>1.9%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>806</b>	<b>684</b>	
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	119	155	(419)
less: Capital grants and contributions (excluding developer contributions)	-	-	-
<b>Surplus for dividend calculation purposes</b>	<b>119</b>	<b>155</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>60</b>	<b>78</b>	<b>-</b>

## Narrabri Shire Council

## Balance Sheet of Councils Water Supply Business Activity

as at 30 June 2007

\$ '000	Actual 2007	Actual 2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents		-
Investments	1,003	1,590
Receivables	79	65
Inventories		-
Other		-
Non-current assets classified as held for sale		-
<b>Total Current Assets</b>	<b>1,082</b>	<b>1,655</b>
<b>Non-Current Assets</b>		
Investments	5,925	5,512
Receivables	131	211
Inventories		-
Infrastructure, property, plant and equipment	12,318	11,694
Investments accounted for using equity method		-
Investment property		-
Other		-
<b>Total non-Current Assets</b>	<b>18,374</b>	<b>17,417</b>
<b>TOTAL ASSETS</b>	<b>19,456</b>	<b>19,072</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	32	8
Interest bearing liabilities	12	11
Provisions	41	69
<b>Total Current Liabilities</b>	<b>85</b>	<b>88</b>
<b>Non-Current Liabilities</b>		
Payables		-
Interest bearing liabilities	68	80
Provisions	3	1
<b>Total Non-Current Liabilities</b>	<b>71</b>	<b>81</b>
<b>TOTAL LIABILITIES</b>	<b>156</b>	<b>169</b>
<b>NET ASSETS</b>	<b>19,300</b>	<b>18,903</b>
<b>EQUITY</b>		
Retained earnings	19,300	18,903
Revaluation reserves		-
Council equity interest	19,300	18,903
Minority equity interest		-
<b>TOTAL EQUITY</b>	<b>19,300</b>	<b>18,903</b>

## Narrabri Shire Council

Balance Sheet of Councils Sewerage Business Activity  
as at 30 June 2007

\$ '000	Actual 2007	Actual 2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents		-
Investments		1,300
Receivables	178	182
Inventories		-
Other		-
Non-current assets classified as held for sale		-
<b>Total Current Assets</b>	<b>178</b>	<b>1,482</b>
<b>Non-Current Assets</b>		
Investments	2,558	587
Receivables	77	118
Inventories		-
Infrastructure, property, plant and equipment	17,125	17,722
Investments accounted for using equity method		-
Investment property		-
Other		-
<b>Total non-Current Assets</b>	<b>19,760</b>	<b>18,427</b>
<b>TOTAL ASSETS</b>	<b>19,938</b>	<b>19,909</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	189	206
Interest bearing liabilities	142	133
Provisions	63	40
<b>Total Current Liabilities</b>	<b>394</b>	<b>379</b>
<b>Non-Current Liabilities</b>		
Payables		-
Interest bearing liabilities	1,916	2,058
Provisions	2	2
<b>Total Non-Current Liabilities</b>	<b>1,918</b>	<b>2,060</b>
<b>TOTAL LIABILITIES</b>	<b>2,312</b>	<b>2,439</b>
<b>NET ASSETS</b>	<b>17,626</b>	<b>17,470</b>
<b>EQUITY</b>		
Retained earnings	17,626	17,470
Revaluation reserves		-
Council equity interest	17,626	17,470
Minority equity interest		-
<b>TOTAL EQUITY</b>	<b>17,626</b>	<b>17,470</b>

# Narrabri Shire Council

## Special Purpose Financial Reports for the financial year ended 30 June 2007

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	12
3	Sewerage Business Best Practice Management disclosure requirements	14

## Narrabri Shire Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

#### Note 1. Significant Accounting Policies

---

These financial statements are Special Purpose Financial Reports (SPFR's) prepared for use by the Council, the Department of Local Government and the Department of Water & Energy.

For the purposes of these statements, the council's activities (listed herein) are based upon them not being reporting entities.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets.

Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

#### **National Competition Policy**

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "*Application of National Competition Policy to Local Government*". The "*Pricing & Costing for Council Businesses A Guide to Competitive Neutrality*" issued by the Department of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### **Declared Business Activities**

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

##### **Category 1 (where gross operating turnover is over \$2 million)**

##### **a. Narrabri Shire Council Combined Water Supplies**

Comprising the whole of the water supply operations and net assets servicing the towns of Bellata, Boggabri, Gwabegar, Pilliga, Narrabri and Wee Waa.

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

##### **b. Narrabri Shire Council Sewerage Service**

Comprising the whole of the sewerage reticulation and treatment operations and net assets servicing the towns of Boggabri, Narrabri and Wee Waa.

## Narrabri Shire Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

#### Note 1. Significant Accounting Policies (continued)

---

##### **Monetary Amounts**

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of Note 2 (Water Supply Best Practice Management Disclosures - A513) and Note 3 (Sewerage Best Practice Management Disclosures - A514).

As required by the Department of Water & Energy, the amounts shown in Notes 2 and Note 3 are shown 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 (General Purpose Financial Report) 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 the SPFR.

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 – 1.7% + \$100 on combined land values above \$352,000

Payroll Tax – 6% on Salaries and Wages in excess of \$600,000

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### **Income Tax**

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

## Narrabri Shire Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

#### Note 1. Significant Accounting Policies (continued)

---

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

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

#### **Local Government Rates & Charges**

A calculation of the equivalent rates and charges for all Category 1 businesses have been applied to all assets owned or exclusively used by the business activity.

#### **Loan & Debt Guarantee Fees**

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

#### **(ii) Subsidies**

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

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

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

The overall effect of subsidies is contained within the Income Statement of Business Activities.

#### **(iii) Return on Investments (Rate of Return)**

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field". Such funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Councils business activities on the Income Statement.

#### **(iv) Dividends**

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2007 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

## Narrabri Shire Council

### Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2007

#### Note 1. Significant Accounting Policies (continued)

---

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



## Narrabri Shire Council

## Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

## Note 2. Water Supply Business

## Best Practice Management disclosure requirements

---

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

---

**Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	13,104
(iii)	Amounts payable for tax-equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts paid for Tax Equivalents	

**Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	126,050
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	131,040
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2007, less the cumulative dividends paid for the 2 years to 30 June 2006	1,279,200

2007 Surplus	252,100	2006 Surplus	307,400	2005 Surplus	719,700
		2006 Dividend	-	2005 Dividend	-

(iv)	Maximum Dividend from Surplus [least of (i), (ii) and (iii) above]	126,050
(v)	Dividend paid from Surplus [refer below for required pre-dividend payment Criteria]	

**Required outcomes for 6 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	NO
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	NO
	- Complying charges [Item 2(b) in Table 1]	NO
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	NO
(iii)	Sound Water Conservation and Demand Management implemented	NO
(iv)	Sound Drought Management implemented	NO
(v)	Complete Performance Reporting Form (by 31 October each year)	YES
(vi)	Integrated Water Cycle Management Evaluation (by June 2007)	NO

## Narrabri Shire Council

Notes to the Special Purpose Financial Reports  
for the financial year ended 30 June 2007Note 2. Water Supply Business  
Best Practice Management disclosure requirements

---

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

---

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F4</b>	Calculated Tax Equivalents Revenue from Residential Usage Charges (w6b) x 100 divided by the sum of [Residential Usage Charges (w6a) + Residential Access Charges (w6b) + Environmental Levies for Water Supply]	%	32.36%
<b>NWI F1</b>	Total Revenue (Water) Total Revenue (w13) + Gains/Loss on Disposal of Assets (w14) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	1,450
<b>NWI F20</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	51
<b>NWI F13</b>	Economic Real Rate of Return (Water) [Total Revenue (w13) - Interest Income (w9) - Grants for Assets (w11a) - Total Cost (NWI F9)] x 100 divided by Written Down Replacement Cost of Operational Assets (w47)	%	-1.19%
<b>NWI F6</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,265
<b>NWI F9</b>	Total Cost (Water) Operating Cost (NWI F6) + Current Cost Depreciation (w3a + w3b)	\$'000	1,591

Note: The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Narrabri Shire Council

Notes to the Special Purpose Financial Reports  
for the financial year ended 30 June 2007Note 3. Sewerage Business  
Best Practice Management disclosure requirements

---

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

---

**Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	11,385
(iii)	Amounts payable for Tax Equivalents [tesser of (i) and (ii)]	-
(iv)	Amounts paid for Tax Equivalents	

**Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	59,550
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	113,850
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2007, less the cumulative dividends paid for the 2 years to 30 June 2006	274,100

2007 Surplus	119,100	2006 Surplus	155,000	2005 Surplus	-
		2006 Dividend	-	2005 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	59,550
(v)	Dividend paid from surplus [refer below for required pre-dividend payment Criteria]	

**Required outcomes for 4 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	NO
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	NO
	Complying charges (a) Residential [Item 2(c) in Table 1]	NO
	(b) Non Residential [Item 2(c) in Table 1]	NO
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	Integrated Water Cycle Management Evaluation (by June 2006)	NO

## Narrabri Shire Council

## Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements

---

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

---

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Revenues (s14) + Gains/Losses on Disposal of Assets (s15) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	1,788
<b>NWI F21</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-
<b>NWI F11</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	382
<b>NWI F14</b>	Economic Real Rate of Return (Sewerage) [Total Revenue (s14) - Interest Income (s10) - Grants for Assets (s12a) - Total Cost (NWI F10)] x 100 divided by Written Down Replacement Cost (ie. WDRC) of Operational Assets (s48)	%	0.95%
<b>NWI F12</b>	Economic Real Rate of Return (Water & Sewerage) [Total Revenue (w13 + s14) - Interest Income (w9 + s10) - Grants for Assets (w11a + s12a) minus Total Cost (NWI F9 + NWI F10)] x 100 divided by WDRC of Operational Assets (w47 + s48)	%	0.05%
<b>NWI F16</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-19.90%
<b>NWI F17</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax x 100 divided by Net Interest (ie. Interest Expense - Interest Income)  [Operating Result (w15a + s16a) - Interest (w9 - w4a + s10 - s4a) - Gain/Loss on Sale of Assets (w14 + s15)] x 100 divided by [Interest Expense (w4a + s4a) - Interest Income (w9 + s10)]	%	8.49%
<b>NWI F18</b>	Net Profit After Tax (Water & Sewerage) [Surplus before Dividends less Tax Paid]. Refer Notes 2 & 3 previously.	\$'000	422
<b>NWI F19</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	69
<b>NWI F5</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F19) x 100 divided by Total Revenue (NWI F1 + NWI F2)	%	2.13%
<b>NWI F7</b>	Operating Cost (OMA) (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	996
<b>NWI F10</b>	Total Cost (Sewerage) Operating Cost (NWI F7) + Current Cost Depreciation (s3a + s3b)	\$'000	1,625

Note: The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.





# Narrabri Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2007

---



## Narrabri Shire Council

Special Schedules  
for the financial year ended 30 June 2007

<b>Contents</b>		<b>Page</b>
<b>Special Schedules<sup>1</sup></b>		
- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term debt (all purposes)	5
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	6
- Special Schedule No. 3	Water Supply - Income Statement	7
- Special Schedule No. 4	Water Supply - Balance Sheet	11
- Special Schedule No. 5	Sewerage Service - Income Statement	12
- Special Schedule No. 6	Sewerage Service - Balance Sheet	16
- Notes to Special Schedules No. 3 & 5		17
- Special Schedule No. 7	Condition of Public Works	18
- Special Schedule No. 8	Financial Projections	21

<sup>1</sup> Special Purpose Schedules are not audited.

---

### **Background**

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



## Narrabri Shire Council

Special Schedule No. 1 - Net Cost of Services  
for the financial year ended 30 June 2007

\$'000							
Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Governance</b>	369	369			-	(369)	(369)
<b>Administration</b>							
Corporate Support	2,401		76			(2,325)	
Engineering and Works	2,414		374			(2,040)	
Other Support Services		4,815			450	-	(4,365)
<b>Public Order and Safety</b>							
Contributions to Fire Service Levy	223					(223)	
Fire Protection – Other	237		198	9		(30)	
Animal Control	96		11			(85)	
Beach Control						-	
Enforcement of Local Govt Regs	3		9			6	
Emergency Services	37		18			(19)	
Other		596			245	-	(351)
<b>Health</b>							
Administration and Inspection			24			24	
Immunisations						-	
Food Control						-	
Insect/Vermin Control						-	
Noxious Plants	243		102			(141)	
Health Centres						-	
Other		243			126	-	(117)
<b>Community Services and Education</b>							
Administration						-	
Family Day Care						-	
Child Care						-	
Youth Services	4		1			(3)	
Other Families and Children						-	
Aged and Disabled	5		1			(4)	
Migrant Services						-	
Aboriginal Services						-	
Other Community Services	105		44			(61)	
<b>Education</b>		114			46	-	(68)

## Narrabri Shire Council

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2007

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Housing and Community Amenities</b>							
Housing	35		63			28	
Town Planning	63		81			18	
Domestic Waste Management	1,064		1,187			123	
Other Waste Management	138		278			140	
Street Cleaning	193					(193)	
Other Sanitation and Garbage			27			27	
Urban Stormwater Drainage	154		134			(20)	
Environmental Protection	65		27			(38)	
Public Cemeteries	136		87			(49)	
Public Conveniences						-	
Other Community Amenities		1,848			1,884	-	36
<b>Water Supplies</b>	1,391	1,391	1,900	51	1,951	560	560
<b>Sewerage Services</b>	1,575	1,575	1,824		1,824	249	249
<b>Recreation and Culture</b>							
Public Libraries	392		58			(334)	
Museums	4		5			1	
Art Galleries						-	
Community Centres	912		213			(699)	
Public Halls	4					(4)	
Other Cultural Services	29					(29)	
Swimming Pools	536		82			(454)	
Sporting Grounds	279					(279)	
Parks and Gardens (Lakes)	1,117		8	11		(1,098)	
Other Sport and Recreation	36	3,309	3		380	(33)	(2,929)
<b>Fuel and Energy</b>							
Gas Supplies		-			-	-	-
<b>Mining, Manufacturing and Construction</b>							
Building Control	551		155			(396)	
Abattoirs						-	
Quarries and Pits	1,363		1			(1,362)	
Other	6	1,920			156	(6)	(1,764)

## Narrabri Shire Council

**Special Schedule No. 1 - Net Cost of Services (continued)**  
 for the financial year ended 30 June 2007

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Transport and Communication</b>							
Urban Roads (UR) - Local	346		4	27		(315)	
Urban Roads - Regional						-	
Sealed Rural Roads (SRR) - Local	473					(473)	
Sealed Rural Roads - Regional	1,928		2,202	5,920		6,194	
Unsealed Rural Roads (URR) - Local	3,130		3,101			(29)	
Unsealed Rural Roads - Regional	190					(190)	
Bridges on UR - Local	25					(25)	
Bridges on UR - Regional						-	
Bridges on SRR - Local	86					(86)	
Bridges on SRR - Regional	78					(78)	
Bridges on URR - Local						-	
Bridges on URR - Regional						-	
Footpaths						-	
Aerodromes	162		177			15	
Parking Areas						-	
Bus Shelters and Services						-	
Water Transport						-	
RTA Works (State)	816		1,178			362	
Street Lighting	263		46			(217)	
Other	2,450	9,947			12,655	(2,450)	2,708
<b>Economic Affairs</b>							
Camping Areas						-	
Caravan Parks	37		50			13	
Tourism and Area Promotion	681		134			(547)	
Industrial Development Promotion						-	
Saleyards and Markets	235		311			76	
Real Estate Development			2			2	
Commercial Nurseries						-	
Other Business Undertakings	188	1,141	151		648	(37)	(493)
<b>Totals – Functions</b>		<b>27,268</b>	<b>14,347</b>	<b>6,018</b>	<b>20,365</b>		<b>(6,903)</b>
<b>General Purpose Revenues<sup>(1)</sup></b>			<b>13,140</b>		<b>13,140</b>	<b>13,140</b>	<b>13,140</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>38</b>	<b>38</b>	-		-	(38)	(38)
<b>NET OPERATING RESULT FOR YEAR</b>	<b>27,306</b>		<b>27,487</b>	<b>6,018</b>	<b>33,505</b>	<b>6,199</b>	<b>6,199</b>

Notes:

(1) Includes: Rates &amp; Annual Charges (incl. Ex Gratia), Non Capital General Purpose Grants &amp; Interest on Investments (excl. Restricted Assets)

## Narrabri Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)  
for the financial year ended 30 June 2007

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year														
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total												
												412	7,766	8,178	432	-	479	8,847	9,326				
Loans (by Source)																							
Financial Institutions				1,580				572															
Total Loans	412	7,766	8,178	1,580	432	-	-	572	479	8,847	9,326												
Other Long Term Debt																							
Finance Leases				77																			
Total Long Term Debt	-	-	-	77	-	-	-	-	26	51	77												
Total Debt	412	7,766	8,178	1,657	432	-	-	572	505	8,898	9,403												

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.  
This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFRR's).

**Narrabri Shire Council**

**Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]**  
for the financial year ended 30 June 2007

**\$'000**

**Summary of Internal Loans**

<b>Borrower (by purpose)</b>	<b>Amount originally raised</b>	<b>Total repaid during the year (Principal &amp; Interest)</b>	<b>Principal Outstanding at end of year</b>
<b>Totals</b>	-	-	-

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

## Narrabri Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2007

\$'000	Actuals 2007	Actuals 2006
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	230	116
b. Engineering and Supervision	170	133
<b>2. Operation and Maintenance</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses		-
b. Maintenance expenses		-
<b>- Mains</b>		
c. Operation expenses	19	15
d. Maintenance expenses	259	191
<b>- Reservoirs</b>		
e. Operation expenses	2	6
f. Maintenance expenses	19	4
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	37	33
h. Energy costs	182	154
i. Maintenance expenses	86	36
<b>- Treatment</b>		
j. Operation expenses (excluding energy costs)	33	31
k. Chemical costs	14	8
l. Maintenance expenses	8	13
<b>- Other</b>		
m. Operation expenses	4	10
n. Maintenance expenses	200	86
o. Purchase of water	2	4
<b>3. Depreciation</b>		
a. System assets	305	288
b. Plant and equipment	21	20
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	6	7
b. Revaluation Decrements		-
c. Other expenses	22	65
d. Tax Equivalent Dividends (actually paid)		-
<b>5. Total expenses</b>	<b>1,619</b>	<b>1,220</b>

## Narrabri Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2007

\$'000	Actuals 2007	Actuals 2006
Income		
<b>6. Residential charges</b>		
a. Access (including rates)	907	691
b. User charges	434	395
<b>7. Non-residential charges</b>		
a. Access (including rates)		-
b. User charges	14	-
<b>8. Extra charges</b>		-
<b>9. Interest income</b>	515	403
<b>10. Other income</b>	20	97
<b>11. Grants</b>		
a. Grants for acquisition of assets	51	-
b. Grants for pensioner rebates	36	36
c. Other grants		-
<b>12. Contributions</b>		
a. Developer charges	33	26
b. Developer provided assets		-
c. Other contributions		-
<b>13. Total income</b>	<b>2,010</b>	<b>1,648</b>
<b>14. Gain or loss on disposal of assets</b>	6	-
<b>15. Operating Result</b>	<b>397</b>	<b>428</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	<b>346</b>	<b>428</b>

## Narrabri Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2007

\$'000	Actuals 2007	Actuals 2006
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. Subsidised scheme		-
b. Other new system assets		-
c. Renewals	342	654
d. Plant and equipment		-
<b>17. Repayment of debt</b>		
a. Loans	1	10
b. Advances		-
c. Finance leases		-
<b>18. Transfer to sinking fund</b>		-
<b>19. Totals</b>	<b>343</b>	<b>664</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>		-
<b>21. Borrowing utilised</b>		
a. Loans		-
b. Advances		-
c. Finance leases		-
<b>22. Transfer from sinking fund</b>		-
<b>23. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	3,398	3,644
b. Residential (unoccupied)	167	172
c. Non-residential (occupied)	716	648
d. Non-residential (unoccupied)	87	87
<b>25. Number of ETs for which developer charges were received</b>	15 ET	12 ET
<b>26. Total amount (actual dollars) of pensioner rebates</b>	\$ 36,000	\$ 36,000



Narrabri Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies  
for the financial year ended 30 June 2007

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges<sup>#</sup></b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/> NO	
If Yes, go to 28a. If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/> YES	<input type="checkbox"/>	
* Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water & Energy, December, '2002. Such charges do not involved significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in water supply developer charges for 2006/07 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water and Energy, Dec 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text"/> -
 <sup>#</sup> Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.  However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.			

## Narrabri Shire Council

## Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2007

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges			-
b. Special purpose grants			-
c. Accrued leave			-
d. Unexpended loans			-
e. Sinking fund			-
f. Other	1,003	5,925	6,928
<b>31. Receivables</b>			
a. Specific purpose grants			-
b. Rates and charges	79	131	210
c. Other			-
<b>32. Inventories</b>			-
<b>33. Property, plant and equipment</b>			
a. System assets		12,143	12,143
b. Plant and equipment		175	175
<b>34. Other assets</b>			-
<b>35. Total assets</b>	<u>1,082</u>	<u>18,374</u>	<u>19,456</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>			-
<b>37. Creditors</b>	32		32
<b>38. Borrowings</b>			
a. Loans	12	68	80
b. Advances			-
c. Finance leases			-
<b>39. Provisions</b>			
a. Tax equivalents			-
b. Dividend			-
c. Other	41	3	44
<b>40. Total liabilities</b>	<u>85</u>	<u>71</u>	<u>156</u>
<b>41. NET ASSETS COMMITTED</b>	<u>997</u>	<u>18,303</u>	<u>19,300</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			19,300
<b>43. Asset revaluation reserve</b>			-
<b>44. TOTAL EQUITY</b>			<u>19,300</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost of system assets</b>			23,653
<b>46. Accumulated current cost depreciation of system assets</b>			(11,335)
<b>47. Written down current cost of system assets</b>			<u>12,318</u>

## Narrabri Shire Council

## Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2007

\$'000	Actuals 2007	Actuals 2006
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	191	110
b. Engineering and Supervision	157	117
<b>2. Operation and Maintenance</b>		
<b>- Mains</b>		
a. Operation expenses	85	52
b. Maintenance expenses	100	95
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	48	35
d. Energy costs	49	51
e. Maintenance expenses	91	57
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	161	150
g. Chemical costs		-
h. Energy costs	39	32
i. Effluent Management	6	7
j. Biosolids Management		-
k. Maintenance expenses	48	115
<b>- Other</b>		
l. Operation expenses	1	16
m. Maintenance expenses	20	2
<b>3. Depreciation</b>		
a. System assets	625	626
b. Plant and equipment	4	8
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	141	150
b. Revaluation Decrements		-
c. Other expenses	40	36
d. Tax Equivalent Dividends (actually paid)		-
<b>5. Total expenses</b>	<b>1,806</b>	<b>1,659</b>

## Narrabri Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2007

\$'000	Actuals 2007	Actuals 2006
Income		
<b>6. Residential charges</b> (including rates)	1,527	1,569
<b>7. Non-residential charges</b>		
a. Access (including rates)		-
b. User charges	13	74
<b>8. Trade Waste Charges</b>		
a. Annual Fees		-
b. User charges		1
c. Excess mass charges & re-inspection fees		-
<b>9. Extra charges</b>		-
<b>10. Interest income</b>	174	94
<b>11. Other income</b>	182	78
<b>12. Grants</b>		
a. Grants for acquisition of assets		-
b. Grants for pensioner rebates	33	33
c. Other grants		-
<b>13. Contributions</b>		
a. Developer charges	33	22
b. Developer provided assets		-
c. Other contributions		-
<b>14. Total income</b>	<u>1,962</u>	<u>1,871</u>
<b>15. Gain or loss on disposal of assets</b>		-
<b>16. Operating Result</b>	<u>156</u>	<u>212</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	156	212

## Narrabri Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2007

\$'000	Actuals 2007	Actuals 2006
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. Subsidised scheme		-
b. Other new system assets		-
c. Renewals	40	177
d. Plant and equipment		-
<b>18. Repayment of debt</b>		
a. Loans	7	131
b. Advances		-
c. Finance leases		-
<b>19. Transfer to sinking fund</b>		-
<b>20. Totals</b>	<u>47</u>	<u>308</u>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>		-
<b>22. Borrowing utilised</b>		
a. Loans		-
b. Advances		-
c. Finance leases		-
<b>23. Transfer from sinking fund</b>		-
<b>24. Totals</b>	<u>-</u>	<u>-</u>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	3,102	3,128
b. Residential (unoccupied)	172	190
c. Non-residential (occupied)	466	573
d. Non-residential (unoccupied)	55	2
<b>26. Number of ETs for which developer charges were received</b>	18 ET	12 ET
<b>27. Total amount (actual dollars) of pensioner rebates</b>	\$ 33,000	\$ 33,000

Narrabri Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2007

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges<sup>#</sup></b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	NO	
If Yes, go to 29a. If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
	YES	<input type="checkbox"/>	
* Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water and Energy, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	NO	
b. Total cross-subsidy in sewerage developer charges for 2006/07 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water & Energy , Dec 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>
<p># Councils which have not yet implemented best practice sewer pricing &amp; liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.</p>			

## Narrabri Shire Council

## Special Schedule No. 6 - Sewerage Service Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2007

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges			-
b. Special purpose grants			-
c. Accrued leave			-
d. Unexpended loans			-
e. Sinking fund			-
f. Other		2,558	2,558
<b>32. Receivables</b>			
a. Specific purpose grants			-
b. Rates and charges	101	43	144
c. Other	77	34	111
<b>33. Inventories</b>			-
<b>34. Property, plant and equipment</b>			
a. System assets		16,693	16,693
b. Plant and equipment		432	432
<b>35. Other assets</b>			-
<b>36. Total Assets</b>	<u>178</u>	<u>19,760</u>	<u>19,938</u>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>			-
<b>38. Creditors</b>	189		189
<b>39. Borrowings</b>			
a. Loans	142	1,916	2,058
b. Advances			-
c. Finance leases			-
<b>40. Provisions</b>			
a. Tax equivalents			-
b. Dividend			-
c. Other	63	2	65
<b>41. Total Liabilities</b>	<u>394</u>	<u>1,918</u>	<u>2,312</u>
<b>42. NET ASSETS COMMITTED</b>	<u>(216)</u>	<u>17,842</u>	<u>17,626</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			17,626
<b>44. Asset revaluation reserve</b>			-
<b>45. TOTAL EQUITY</b>			<u>17,626</u>
<b>Note to system assets:</b>			
<b>46. Current replacement cost of system assets</b>			43,507
<b>47. Accumulated current cost depreciation of system assets</b>			(26,382)
<b>48. Written down current cost of system assets</b>			<u>17,125</u>

# Narrabri Shire Council

## Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2007

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

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

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

### Engineering and supervision<sup>(1)</sup>

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

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

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

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

**Other expenses** (item 4b of Special Schedules 3 and 5) include all expenses not recorded elsewhere.

**Residential charges<sup>(2)</sup>** (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b User Charges.

**Non-residential charges<sup>(2)</sup>** (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b User 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 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) include capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

### Notes:

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

<sup>(2)</sup> To enable accurate reporting of **average residential bills**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.









## Narrabri Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2007

\$ million	Actual <sup>(1)</sup> 06/07	Forecast 07/08	Forecast 08/09	Forecast <sup>(3)</sup> 09/10	Forecast <sup>(3)</sup> 10/11
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	33.5	25.6	26.0	26.9	27.8
Expenses from continuing operations	27.3	23.9	24.6	25.3	26.1
<b>Operating Result from Continuing Operations</b>	<b>6.2</b>	<b>1.7</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	6.0	5.8	2.0	2.2	2.3
Replacement/Refurbishment of Existing Assets	0.9	2.2	1.9	1.9	1.8
<b>Total Capital Budget</b>	<b>6.9</b>	<b>8.0</b>	<b>3.9</b>	<b>4.1</b>	<b>4.1</b>
<b>Funded by:</b>					
- Loans		1.1			
- Asset sales					
- Reserves	1.0	2.5	0.1	0.1	0.1
- Grants/Contributions	2.4	1.7	1.5	1.5	1.5
- Recurrent revenue	3.5	2.7	2.3	2.5	2.5
- Other					
	<b>6.9</b>	<b>8.0</b>	<b>3.9</b>	<b>4.1</b>	<b>4.1</b>

**Notes:**

(1) From 06/07 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.