

Bourke Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

*"To build a strong, united community, proud
of our past and committed to our future"*



Bourke Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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Overview

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

(ii) Bourke Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 23 October 2015. Council has the power to amend and reissue these financial statements.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

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

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

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

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

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

More information

A review of Council's financial performance and position for the 14/15 financial year can be found at Note 28 of the financial statements.

Bourke Shire Council

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

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

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

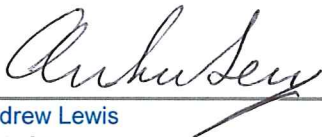
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

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

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

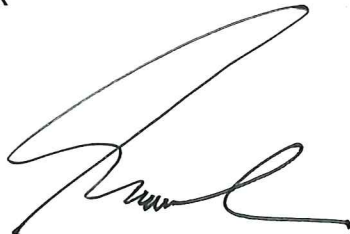
Signed in accordance with a resolution of Council made on 24 August 2015.



Andrew Lewis
MAYOR



Barry Hollman
COUNCILLOR



Ross Earl
GENERAL MANAGER



Leonie Brown
RESPONSIBLE ACCOUNTING OFFICER

Bourke Shire Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
3,876	Rates & Annual Charges	3a	3,527	3,439
5,976	User Charges & Fees	3b	7,090	6,827
315	Interest & Investment Revenue	3c	400	435
1,714	Other Revenues	3d	2,217	1,062
6,019	Grants & Contributions provided for Operating Purposes	3e,f	7,168	5,729 ²
10,766	Grants & Contributions provided for Capital Purposes	3e,f	2,174	754
28,666	Total Income from Continuing Operations		22,576	18,246
Expenses from Continuing Operations				
5,774	Employee Benefits & On-Costs	4a	6,837	6,411
257	Borrowing Costs	4b	262	264
9,643	Materials & Contracts	4c	6,337	6,566
4,525	Depreciation & Amortisation	4d	3,946	4,458
666	Other Expenses	4e	1,513	1,539
-	Net Losses from the Disposal of Assets	5	13	328
20,865	Total Expenses from Continuing Operations		18,908	19,566
7,801	Operating Result from Continuing Operations		3,668	(1,320)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
7,801	Net Operating Result for the Year		3,668	(1,320)
7,801	Net Operating Result attributable to Council		3,668	(1,320)
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,965)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		1,494	(2,074)

¹ Original Budget as approved by Council - refer Note 16

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

Bourke Shire Council

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

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		3,668	(1,320)
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	12,193	491
Total Items which will not be reclassified subsequently to the Operating Result		12,193	491
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		12,193	491
Total Comprehensive Income for the Year		15,861	(829)
Total Comprehensive Income attributable to Council		15,861	(829)
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Bourke Shire Council

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	5,098	5,809
Investments	6b	6,532	4,443
Receivables	7	2,471	1,942
Inventories	8	73	46
Other	8	31	28
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		14,205	12,268
Non-Current Assets			
Investments	6b	-	-
Receivables	7	81	75
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	224,105	208,708
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		224,186	208,783
TOTAL ASSETS		238,391	221,051
LIABILITIES			
Current Liabilities			
Payables	10	2,282	1,371
Borrowings	10	903	822
Provisions	10	2,631	2,530
Total Current Liabilities		5,816	4,723
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	3,938	3,557
Provisions	10	81	76
Total Non-Current Liabilities		4,019	3,633
TOTAL LIABILITIES		9,835	8,356
Net Assets		228,556	212,695
EQUITY			
Retained Earnings	20	120,525	116,857
Revaluation Reserves	20	108,031	95,838
Council Equity Interest		228,556	212,695
Non-controlling Equity Interests		-	-
Total Equity		228,556	212,695

Bourke Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		116,320	95,838	212,158	-	212,158
a. Correction of Prior Period Errors	20 (c)	537	-	537	-	537
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		116,857	95,838	212,695	-	212,695
c. Net Operating Result for the Year		3,668	-	3,668	-	3,668
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	12,193	12,193	-	12,193
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	12,193	12,193	-	12,193
Total Comprehensive Income (c&d)		3,668	12,193	15,861	-	15,861
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		120,525	108,031	228,556	-	228,556

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		117,640	95,347	212,987	-	212,987
a. Correction of Prior Period Errors	20 (c)	537	-	537	-	537
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		118,177	95,347	213,524	-	213,524
c. Net Operating Result for the Year		(1,320)	-	(1,320)	-	(1,320)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	491	491	-	491
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	491	491	-	491
Total Comprehensive Income (c&d)		(1,320)	491	(829)	-	(829)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		116,857	95,838	212,695	-	212,695

Bourke Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
3,876	Rates & Annual Charges		3,392	3,453
5,976	User Charges & Fees		7,048	6,446
315	Investment & Interest Revenue Received		375	451
16,785	Grants & Contributions		8,988	6,463
-	Bonds, Deposits & Retention amounts received		58	14
1,714	Other		2,236	1,157
Payments:				
(5,774)	Employee Benefits & On-Costs		(6,711)	(6,241)
(9,643)	Materials & Contracts		(5,471)	(6,585)
(257)	Borrowing Costs		(264)	(266)
-	Bonds, Deposits & Retention amounts refunded		(57)	(10)
(666)	Other		(1,516)	(1,381)
12,326	Net Cash provided (or used in) Operating Activities	11b	8,078	3,501
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		5,641	4,319
-	Sale of Infrastructure, Property, Plant & Equipment		275	336
Payments:				
-	Purchase of Investment Securities		(7,730)	(4,200)
(14,516)	Purchase of Infrastructure, Property, Plant & Equipment		(7,437)	(4,754)
(14,516)	Net Cash provided (or used in) Investing Activities		(9,251)	(4,299)
Cash Flows from Financing Activities				
Receipts:				
1,578	Proceeds from Borrowings & Advances		1,278	965
Payments:				
(818)	Repayment of Borrowings & Advances		(816)	(687)
760	Net Cash Flow provided (used in) Financing Activities		462	278
(1,430)	Net Increase/(Decrease) in Cash & Cash Equivalents		(711)	(520)
5,809	plus: Cash & Cash Equivalents - beginning of year	11a	5,809	6,329
4,379	Cash & Cash Equivalents - end of the year	11a	5,098	5,809
Additional Information:				
	plus: Investments on hand - end of year	6b	6,532	4,443
Total Cash, Cash Equivalents & Investments			11,630	10,252

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

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

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

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

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

(iv) Early adoption of Accounting Standards

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

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

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

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

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

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 have been included as part of the Consolidated Fund:

- General Purpose Operations
- Bourke Shire Council Water Supply Fund
- Bourke Shire Council Sewerage Service Fund

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ii) The Trust Fund

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

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

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

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

(iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

(iv) Associates

Where Council has the power to participate in the financial and operating decisions of another entity, (ie. where Council is deemed to have "significant influence" over another 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 Ventures.

Such entities are usually termed Associates.

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

(v) County Councils

Council is not a member of any County Councils.

(d) Leases

Council has no Finance or Operating Leases

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

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

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

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

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

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(h) Receivables

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

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

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

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

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

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

Bourke Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

For all other assets, Council assesses at each reporting date whether there is any indication that a

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

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

Capitalisation Thresholds

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

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building

- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000

Bridge construction & reconstruction	> \$10,000
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Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Other Equipment

- Playground equipment	5 to 25 years
- Benches, seats etc	10 to 30 years

Buildings

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

Stormwater Drainage

- Drains	80 to 100 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	10 to 50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	100 years

- Road Pavements	60 years
- Kerb, Gutter & Paths	35 to 75 years

Water & Sewer Assets

- Dams and reservoirs	25 to 100 years
- Bores	20 to 40 years

- Reticulation pipes : PVC	70 to 80 years
- Reticulation pipes : Other	25 to 80 years
- Pumps and telemetry	10 to 50 years

- Swimming Pools	50 years
- Other Open Space/ Recreational Assets	20 to 50 years

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

Council has no Investment Properties

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

(r) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

(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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(u) Borrowing costs

Borrowing costs are expensed

(v) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(w) Employee benefits

(i) Short Term Obligations

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

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

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

All other short-term employee benefit obligations are presented as payables.

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

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

(ii) Other Long Term Obligations

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

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20/02/2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$246,281.80.

The amount of additional contributions included in the total employer contribution advised above is \$76,496.04

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$181,942.94 as at 30 June 2015.

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

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

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

Defined Contribution Plans

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

(x) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(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 revenue / expense.

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

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

Operating cash flows within the Cash Flow Statement 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. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(aa) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

(ab) Rounding of amounts

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

Bourke Shire Council

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

Note 1. Summary of Significant Accounting Policies

(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 these financial statements and/or the notes.

(ad) Disclaimer

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	-	-	-	176	218	215	(176)	(218)	(215)	-	-	1,015	538
Administration	1,081	1,375	1,199	2,442	1,043	2,163	(1,361)	332	(964)	23	14	22,060	17,998
Public Order & Safety	286	363	308	605	524	573	(319)	(161)	(265)	3	-	1,641	1,650
Health	103	86	44	485	651	539	(382)	(565)	(495)	117	58	1,361	1,369
Environment	713	764	651	870	1,085	1,020	(157)	(321)	(369)	40	-	-	-
Community Services & Education	1	1	46	32	25	46	(31)	(24)	-	1	1	2,670	2,593
Housing & Community Amenities	337	211	145	1,123	723	667	(786)	(512)	(522)	9	26	15,506	15,617
Water Supplies	4,454	2,681	1,744	1,812	1,829	1,759	2,642	852	(15)	647	6	10,659	10,816
Sewerage Services	926	831	778	945	748	622	(19)	83	156	5	5	7,798	7,842
Recreation & Culture	4,551	40	23	1,588	1,142	1,603	2,963	(1,102)	(1,580)	26	27	11,398	11,122
Mining, Manufacturing & Construction	13	19	13	-	-	-	13	19	13	-	-	-	-
Transport & Communication	9,404	9,210	8,852	9,009	9,555	9,213	395	(345)	(361)	1,435	1,747	156,649	143,803
Economic Affairs	847	484	343	1,778	1,365	1,146	(931)	(881)	(803)	3	-	7,634	7,703
Total Functions & Activities	22,716	16,065	14,146	20,865	18,908	19,566	1,851	(2,843)	(5,420)	2,309	1,884	238,391	221,051
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	5,950	6,511	4,100	-	-	-	5,950	6,511	4,100	4,787	2,392	-	-
Operating Result from Continuing Operations	28,666	22,576	18,246	20,865	18,908	19,566	7,801	3,668	(1,320)	7,096	4,276	238,391	221,051

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 2(b). Council Functions / Activities - Component Descriptions

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Bourke Shire Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		354	358
Farmland		1,027	1,003
Business		105	104
Total Ordinary Rates		1,486	1,465
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		255	242
Water Supply Services		808	787
Sewerage Services		709	690
Drainage		146	139
Waste Management Services (non-domestic)		123	116
Total Annual Charges		2,041	1,974
TOTAL RATES & ANNUAL CHARGES		3,527	3,439

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		664	738
Sewerage Services		2	1
Waste Management Services (non-domestic)		58	61
Total User Charges		724	800
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		47	50
Private Works - Section 67		247	569
Registration Fees		10	8
Total Fees & Charges - Statutory/Regulatory		304	627
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		5	4
Cemeteries		22	22
RMS (formerly RTA) Charges (State Roads not controlled by Council)		5,906	5,260
Saleyards		5	2
Water Connection Fees		14	8
Other		110	104
Total Fees & Charges - Other		6,062	5,400
TOTAL USER CHARGES & FEES		7,090	6,827

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		61	65
- Interest earned on Investments (interest & coupon payment income)		339	370
TOTAL INTEREST & INVESTMENT REVENUE		400	435
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		46	52
General Council Cash & Investments		192	191
Restricted Investments/Funds - External:			
Water Fund Operations		96	111
Sewerage Fund Operations		66	81
Total Interest & Investment Revenue Recognised		400	435
(d) Other Revenues			
Rental Income - Other Council Properties		174	130
Fines		1	1
Legal Fees Recovery - Rates & Charges (Extra Charges)		24	31
Back O'Bourke Centre		424	362
Commissions & Agency Fees		92	88
Contract Works		-	2
Diesel Rebate		90	117
Insurance Claim Recoveries		1,024	96
Jandra Boat		42	46
Recycling Income (non domestic)		8	29
Aboriginal Communities Program		315	-
Other		23	160
TOTAL OTHER REVENUE		2,217	1,062

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1 2,995	1,507	-	-
Financial Assistance - Local Roads Component	1 1,783	876	-	-
Pensioners' Rates Subsidies - General Component	9	9	-	-
Total General Purpose	4,787	2,392	-	-

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

Specific Purpose

Pensioners' Rates Subsidies:

- Water	6	6	-	-
- Sewerage	5	5	-	-
- Domestic Waste Management	6	5	-	-
- Urban Drainage	3	3	-	-
Water Supplies	-	-	641	-
Community Development	-	-	-	18
Economic Development	3	-	-	-
Employment & Training Programs	23	13	-	-
Environmental Protection	40	-	-	-
Health	58	-	-	-
Heritage & Cultural	4	5	-	-
Library	22	22	-	-
Noxious Weeds	59	58	-	-
Street Lighting	32	21	-	-
Transport (Roads to Recovery)	1,003	985	-	-
Transport (Other Roads & Bridges Funding)	-	6	400	735
Youth Services	1	1	-	-
Public Order and Safety	3	-	-	-
Other	-	-	-	1
Total Specific Purpose	1,268	1,130	1,041	754
Total Grants	6,055	3,522	1,041	754

Grant Revenue is attributable to:

- Commonwealth Funding	5,781	3,376	-	-
- State Funding	243	127	1,041	754
- Other Funding	31	19	-	-
	6,055	3,522	1,041	754

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
Nil				
Other Contributions:				
Bushfire Services	252	300	-	-
Community Development	-	45	-	-
RMS Contributions (Regional Roads, Block Grant)	763	1,862	1,133	-
Other Capital Contribution	98	-	-	-
Total Other Contributions	1,113	2,207	1,133	-
Total Contributions	1,113	2,207	1,133	-
TOTAL GRANTS & CONTRIBUTIONS	7,168	5,729	2,174	754

\$ '000	Actual 2015	Actual 2014
(g) Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	315	535
add: Grants & contributions recognised in the current period but not yet spent:	64	68
less: Grants & contributions recognised in a previous reporting period now spent:	(188)	(288)
Net Increase (Decrease) in Restricted Assets during the Period	(124)	(220)
Unexpended and held as Restricted Assets	191	315
Comprising:		
- Specific Purpose Unexpended Grants	191	280
- Other Contributions	-	35
	191	315

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,923	4,667
Travelling		186	203
Employee Leave Entitlements (ELE)		1,163	1,008
Superannuation		596	613
Workers' Compensation Insurance		139	141
Fringe Benefit Tax (FBT)		27	35
Training Costs (other than Salaries & Wages)		169	175
Sick Leave Insurance		13	13
Protective Clothing		-	28
Other		44	43
Total Employee Costs		7,260	6,926
less: Capitalised Costs		(423)	(515)
TOTAL EMPLOYEE COSTS EXPENSED		6,837	6,411
Number of "Equivalent Full Time" Employees at year end		81	74
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		85	85
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		262	264
Total Interest Bearing Liability Costs Expensed		262	264
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		262	264
(c) Materials & Contracts			
Raw Materials & Consumables		9,845	9,990
Contractor & Consultancy Costs		219	249
Auditors Remuneration ⁽¹⁾		40	42
Legal Expenses:			
- Legal Expenses: Planning & Development		-	3
- Legal Expenses: Other		24	54
Total Materials & Contracts		10,128	10,338
less: Capitalised Costs		(3,791)	(3,772)
TOTAL MATERIALS & CONTRACTS		6,337	6,566

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
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(c) Materials & Contracts (continued)

1. Auditor Remuneration

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

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor

		40	42
Remuneration for audit and other assurance services		40	42
Total Auditor Remuneration		40	42

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

(d) Depreciation, Amortisation & Impairment

Plant and Equipment	-	-	831	779
Office Equipment	-	-	35	49
Buildings - Non Specialised	-	-	45	76
Buildings - Specialised	-	-	424	730
Other Structures	-	-	158	178
Infrastructure:				
- Roads	-	-	1,118	1,277
- Bridges	-	-	247	214
- Footpaths	-	-	81	70
- Stormwater Drainage	-	-	88	66
- Water Supply Network	-	-	336	322
- Sewerage Network	-	-	177	169
- Swimming Pools	-	-	67	97
- Other Open Space/Recreational Assets	-	-	141	279
- Levee Bank	-	-	188	142
Other Assets				
- Library Books	-	-	10	10
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	3,946	4,458

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		24	32
Bad & Doubtful Debts		52	14
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		4	7
- NSW Fire Brigade Levy		31	31
- NSW Rural Fire Service Levy		84	187
Councillor Expenses - Mayoral Fee		24	23
Councillor Expenses - Councillors' Fees		105	103
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		33	34
Donations, Contributions & Assistance to other organisations (Section 356)		29	44
Electricity & Heating		418	488
Insurance		451	355
Street Lighting		164	124
Subscriptions & Publications		20	21
Telephone & Communications		74	76
<u>TOTAL OTHER EXPENSES</u>		<u>1,513</u>	<u>1,539</u>

Note 5. Gains or Losses from the Disposal of Assets

Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		-	(96)
Net Gain/(Loss) on Disposal		-	(96)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		275	336
less: Carrying Amount of P&E Assets Sold / Written Off		(272)	(265)
Net Gain/(Loss) on Disposal		3	71
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(16)	(303)
Net Gain/(Loss) on Disposal		(16)	(303)
Financial Assets*			
Proceeds from Disposal of Financial Assets - Held to Maturity Investments		5,641	4,319
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(5,641)	(4,319)
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(13)</u>	<u>(328)</u>

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,123	-	939	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		3,975	-	4,870	-
Total Cash & Cash Equivalents		5,098	-	5,809	-
Investments (Note 6b)					
- Long Term Deposits		6,532	-	4,443	-
Total Investments		6,532	-	4,443	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		11,630	-	10,252	-

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

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

Cash & Cash Equivalents

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

5,098	-	5,809	-
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Investments

a. "Held to Maturity"

6(b-i)

6,532	-	4,443	-
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Investments

6,532	-	4,443	-
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Note 6(b-i)**Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year	4,443	-	4,562	-
Additions	7,730	-	4,200	-
Disposals (sales & redemptions)	(5,641)	-	(4,319)	-
Balance at End of Year	6,532	-	4,443	-

Comprising:

- Long Term Deposits	6,532	-	4,443	-
Total	6,532	-	4,443	-

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	11,630	-	10,252	-
attributable to:				
External Restrictions (refer below)	3,983	-	4,784	-
Internal Restrictions (refer below)	1,114	-	773	-
Unrestricted	6,533	-	4,695	-
	11,630	-	10,252	-

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

RMS (formerly RTA) Contributions (A)	35	-	(35)	-
Specific Purpose Unexpended Grants (B)	206	-	(89)	117
Specific Purpose Unexpended Grants-Sewer Fund (B)	74	-	-	74
Water Supplies (C)	2,445	513	-	2,958
Sewerage Services (C)	2,024	-	(1,190)	834
External Restrictions - Other	4,784	513	(1,314)	3,983
Total External Restrictions	4,784	513	(1,314)	3,983

Internal Restrictions

Employees Leave Entitlement	594	-	-	594
Deposits, Retentions & Bonds	29	58	(57)	30
Loan - Skate Park	150	-	(150)	-
Loan - Drainage	-	490	-	490
Total Internal Restrictions	773	548	(207)	1,114
TOTAL RESTRICTIONS	5,557	1,061	(1,521)	5,097

- A RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- B Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- C Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		476	173	349	127
Interest & Extra Charges		89	34	73	14
User Charges & Fees		1,445	-	1,402	-
Accrued Revenues					
- Interest on Investments		52	-	53	-
Government Grants & Subsidies		375	-	21	-
Net GST Receivable		122	-	141	-
Total		2,559	207	2,039	141
less: Provision for Impairment					
Rates & Annual Charges		(70)	(70)	(50)	(52)
Interest & Extra Charges		(14)	(21)	(11)	(14)
User Charges & Fees		(4)	(35)	(36)	-
Total Provision for Impairment - Receivables		(88)	(126)	(97)	(66)
TOTAL NET RECEIVABLES		2,471	81	1,942	75
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		185	-	-	-
- Rates & Availability Charges		196	-	138	-
- Other		308	-	419	-
Sewerage Services					
- Rates & Availability Charges		177	-	129	-
- Other		-	-	80	-
Total External Restrictions		866	-	766	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,605	81	1,176	75
TOTAL NET RECEIVABLES		2,471	81	1,942	75

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Bourke Shire Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		73	-	46	-
Total Inventories		73	-	46	-
Other Assets					
Prepayments		31	-	28	-
Total Other Assets		31	-	28	-
TOTAL INVENTORIES/OTHER ASSETS		104	-	74	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures**(a) Inventory Write Downs**

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period							as at 30/6/2015				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	336	-	-	-	336	3,110	-	-	(164)	-	-	-	3,282	-	-	-	3,282
Plant & Equipment	-	8,628	4,894	-	3,734	1,117	(272)	(831)	-	-	-	-	-	9,100	5,352	-	3,748
Office Equipment	-	416	239	-	177	96	-	(35)	-	-	-	-	-	468	230	-	238
Land:																	
- Operational Land	-	1,011	-	-	1,011	27	-	-	108	-	-	-	-	1,146	-	-	1,146
- Community Land	-	842	-	-	842	-	-	-	-	-	-	-	-	842	-	-	842
Buildings - Non Specialised	-	2,848	339	-	2,509	-	-	(45)	-	-	-	-	-	2,849	385	-	2,464
Buildings - Specialised	-	26,576	4,773	-	21,803	113	-	(424)	-	-	-	-	-	26,690	5,198	-	21,492
Other Structures	-	3,596	883	-	2,713	22	(16)	(158)	56	(170)	-	-	-	3,471	1,024	-	2,447
Infrastructure:																	
- Roads	-	152,456	28,930	-	123,526	1,716	-	(1,118)	-	-	-	9,686	-	158,525	24,715	-	133,810
- Bridges	-	22,586	7,893	-	14,693	834	-	(247)	-	-	-	2,191	-	26,103	8,632	-	17,471
- Footpaths	-	4,771	2,654	-	2,117	-	-	(81)	-	-	-	68	-	5,087	2,983	-	2,104
- Stormwater Drainage	-	5,047	2,148	-	2,899	-	-	(88)	-	-	-	1,367	-	7,111	2,933	-	4,178
- Water Supply Network	-	22,644	12,454	-	10,190	-	-	(336)	-	-	-	153	-	22,984	12,977	-	10,007
- Sewerage Network	-	15,020	7,214	-	7,806	25	-	(177)	-	-	-	117	-	15,270	7,499	-	7,771
- Swimming Pools	-	2,007	1,080	-	927	8	-	(67)	-	30	-	-	-	2,045	1,147	-	898
- Other Open Space/Recreational Assets	-	5,990	2,778	-	3,212	355	-	(141)	-	140	-	-	-	6,487	2,921	-	3,566
- Levee Bank	-	13,238	3,115	-	10,123	-	-	(188)	-	-	(1,389)	-	-	13,136	4,590	-	8,546
Other Assets:																	
- Library Books	-	114	24	-	90	15	-	(10)	-	-	-	-	-	119	24	-	95
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	336	287,790	79,418	-	208,708	7,438	(288)	(3,946)	-	-	(1,389)	13,582	3,282	301,433	80,610	-	224,105

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$4,575) and New Assets (\$1,623). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Bourke Shire Council

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

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP	702	-	-	702	-	-	-	-
Plant & Equipment	-	386	132	254	-	308	79	229
Infrastructure	-	22,984	12,977	10,007	-	22,644	12,454	10,190
Total Water Supply	702	23,370	13,109	10,963	-	22,952	12,533	10,419
Sewerage Services								
WIP	1,465	-	-	1,465	-	-	-	-
Plant & Equipment	-	96	68	28	-	96	59	37
Infrastructure	-	15,270	7,499	7,770	-	15,020	7,214	7,806
Total Sewerage Services	1,465	15,366	7,567	9,263	-	15,116	7,273	7,843
TOTAL RESTRICTED I,PP&E	2,166	38,736	20,676	20,226	-	38,068	19,806	18,262

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,911	-	1,018	-
Goods & Services - capital expenditure		12	-	11	-
Payments Received In Advance		141	-	143	-
Accrued Expenses:					
- Borrowings		22	-	24	-
- Salaries & Wages		166	-	146	-
Security Bonds, Deposits & Retentions		30	-	29	-
Total Payables		2,282	-	1,371	-
Borrowings					
Loans - Secured ¹		903	3,938	822	3,557
Total Borrowings		903	3,938	822	3,557
Provisions					
Employee Benefits;					
Annual Leave		763	-	733	-
Sick Leave		276	-	301	-
Long Service Leave		1,541	81	1,452	76
Other Leave		51	-	44	-
Total Provisions		2,631	81	2,530	76
Total Payables, Borrowings & Provisions		5,816	4,019	4,723	3,633
(i) Liabilities relating to Restricted Assets					
		2015		2014	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		71	478	70	508
Sewer		3	86	3	88
Liabilities relating to externally restricted assets		74	564	73	596
Internally Restricted Assets					
Loan - Skate Park		-	-	14	136
Loan - Drainage		31	458	-	-
Liabilities relating to internally restricted assets		31	458	14	136
Total Liabilities relating to restricted assets		105	1,022	87	732
Total Liabilities relating to Unrestricted Assets		5,711	2,997	4,636	2,901
TOTAL PAYABLES, BORROWINGS & PROVISIONS		5,816	4,019	4,723	3,633

¹: Loans are secured over the General Rating Income of Council

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015	Actual 2014
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(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	1,600	1,500
	1,600	1,500

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	733	528	(498)	-	-	763
Sick Leave	301	239	(264)	-	-	276
Long Service Leave	1,528	374	(280)	-	-	1,622
Other Leave (enter deta	44	7	-	-	-	51
Gratuities	-	50	(50)	-	-	-
TOTAL	2,606	1,198	(1,092)	-	-	2,712

- 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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	5,098	5,809
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		5,098	5,809
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		3,668	(1,320)
Adjust for non cash items:			
Depreciation & Amortisation		3,946	4,458
Net Losses/(Gains) on Disposal of Assets		13	328
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(586)	(270)
Increase/(Decrease) in Provision for Doubtful Debts		51	(39)
Decrease/(Increase) in Inventories		(27)	-
Decrease/(Increase) in Other Assets		(3)	158
Increase/(Decrease) in Payables		893	(19)
Increase/(Decrease) in accrued Interest Payable		(2)	(2)
Increase/(Decrease) in other accrued Expenses Payable		20	33
Increase/(Decrease) in Other Liabilities		(1)	37
Increase/(Decrease) in Employee Leave Entitlements		106	137
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,078	3,501

Bourke Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		200	200
Credit Cards / Purchase Cards		10	10
Total Financing Arrangements		210	210
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		8	3
Total Financing Arrangements Utilised		8	3

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) Secured Loan Liabilities

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

Note 12. Commitments for Expenditure

Council has no Commitments for Expenditure

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>1,507</u>	7.39%	-9.98%	-9.04%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	20,402			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>13,234</u>	58.62%	64.47%	60.24%
Total continuing operating revenue ⁽¹⁾	22,576			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>9,356</u>	2.26x	2.13	2.29
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>4,142</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>5,715</u>	5.30x	3.13	2.64
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>1,078</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>597</u>	14.75%	11.00%	11.90%
Rates, Annual and Extra Charges Collectible	<u>4,048</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>11,630</u>	9.41 mths	8.11	7.51
Payments from cash flow of operating and financing activities	<u>1,236</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	10.35%	10.00%	6.92%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: -0.80%	18.96%	-12.75%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. ALL Grants & Contributions)</u>	75.85%	99.40%	54.43%
Total continuing operating revenue ⁽¹⁾			
	prior period: 99.68%	99.39%	58.39%
3. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽²⁾</u>	51.37x	337.00x	2.26x
Current Liabilities less Specific Purpose Liabilities ^(3, 4)			
	prior period: 45.94	789.33	2.09
4. Debt Service Cover Ratio			
<u>Operating Result⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation</u>	17.64x	34.88x	4.64x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)			
	prior period: 6.00	42.75	2.55
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual and Extra Charges Outstanding</u>	15.68%	16.13%	13.45%
Rates, Annual and Extra Charges Collectible			
	prior period: 17.21%	18.64%	5.74%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents <u>+ All Term Deposits</u>	24.18	19.39	7.28
Payments from cash flow of operating and financing activities	mths	mths	mths
	prior period: 19.13	51.17	5.21

Notes

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	5,098	5,809	5,098	5,809
Investments				
- "Held to Maturity"	6,532	4,443	6,532	4,443
Receivables	2,552	2,017	2,552	2,017
Total Financial Assets	14,182	12,269	14,182	12,269
Financial Liabilities				
Payables	2,141	1,229	2,143	1,229
Loans / Advances	4,841	4,379	4,841	4,379
Total Financial Liabilities	6,982	5,608	6,984	5,608

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

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

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

2015	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 1% movement in Interest Rates	92	92	(92)	(92)
2014				
Possible impact of a 1% movement in Interest Rates	92	92	(92)	(92)

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	31%	0%	30%
Overdue	100%	69%	100%	70%
	100%	100%	100%	100%

(ii) Ageing of Receivables - value

Rates & Annual Charges	Other Receivables	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
Current	Current	-	17	-	855
< 1 year overdue	0 - 30 days overdue	476	911	349	256
1 - 2 years overdue	30 - 60 days overdue	173	648	127	304
2 - 5 years overdue	60 - 90 days overdue	-	333	-	-
> 5 years overdue	> 90 days overdue	-	208	-	289
		649	2,117	476	1,704

(iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	163	202
+ new provisions recognised during the year	59	48
- amounts already provided for & written off this year	(8)	(87)
Balance at the end of the year	214	163

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	30	2,113	-	-	-	-	-	2,143	2,141
Loans & Advances	-	903	770	609	504	377	2,218	5,381	4,841
Total Financial Liabilities	30	3,016	770	609	504	377	2,218	7,524	6,982
2014									
Trade/Other Payables	29	1,200	-	-	-	-	-	1,229	1,228
Loans & Advances	-	822	759	620	453	342	1,828	4,824	4,379
Total Financial Liabilities	29	2,022	759	620	453	342	1,828	6,053	5,607

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,141	0.0%	1,228	0.0%
Loans & Advances - Fixed Interest Rate	4,841	7.1%	4,379	7.0%
	<u>6,982</u>		<u>5,607</u>	

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 26 May 2014.

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

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

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

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	3,876	3,527	(349)	(9%)	U
User Charges & Fees	5,976	7,090	1,114	19%	F
Increase is represented by additional private works carried out and additional RMS charges (works on State Roads not controlled by Council)					
Interest & Investment Revenue	315	400	85	27%	F
A conservative approach was taken when setting the budget. Council was able to maintain reasonable investments for the period					
Other Revenues	1,714	2,217	503	29%	F
Council received insurance recovery money for the Pre-school a total of \$735,032 and Grandstand \$153,940. Both buildings were effected by fire damage					
Operating Grants & Contributions	6,019	7,168	1,149	19%	F
The actual amount of grants received depends on decisions made by the State and Federal Government after the original budget is adopted					
Capital Grants & Contributions	10,766	2,174	(8,592)	(80%)	U
The actual amount of grants received depends on decisions made by the State and Federal Government after the original budget is adopted					

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	5,774	6,837	(1,063)	(18%)	U
Vacant positions were not filled for extended periods of time and grant applications that were unsuccessful included a significant wage component					
Borrowing Costs	257	262	(5)	(2%)	U
Materials & Contracts	9,643	6,337	3,306	34%	F
A favourable outcome mainly due to savings with improved buying power and also grant applications that were not successful that included a Materials and Contract component					
Depreciation & Amortisation	4,525	3,946	579	13%	F
Decrease due to revaluation of Transport, Drainage and other infrastructure, the revaluation reassessed the proportion of useful life remaining which in turn decreased the depreciation expense for those items.					
Other Expenses	666	1,513	(847)	(127%)	U
Increase in insurance costs					
Net Losses from Disposal of Assets	-	13	(13)	0%	U
Disposal of books not included in the original budget					

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

Cash Flows from Operating Activities	12,326	8,078	(4,248)	(34.5%)	U
Cash flow income is lower than anticipated due to unsuccessful applications for anticipated grant funding					
Cash Flows from Investing Activities	(14,516)	(9,251)	5,265	(36.3%)	F
Not all infrastructure renewals were carried out due to limited funding availability					
Cash Flows from Financing Activities	760	462	(298)	(39.2%)	U
Council did not take up all borrowings after the original budget was adopted					

Bourke Shire Council

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

Note 17. Statement of Developer Contributions

\$ '000

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

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.

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

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

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

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

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) Rates and Charges

Council is in dispute in relation to land holdings subject to Aboriginal Land Rights Act 1983 and Aboriginal Land Rights Amendment Regulation 2002.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

Note 19. Interests in Other Entities

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		116,320	117,640
a. Correction of Prior Period Errors	20 (c)	537	537
b. Net Operating Result for the Year		3,668	(1,320)
Balance at End of the Reporting Period		120,525	116,857
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		108,031	95,838
Total		108,031	95,838
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		95,838	95,347
- Revaluations for the year	9(a)	12,193	491
- Balance at End of Year		108,031	95,838
TOTAL VALUE OF RESERVES		108,031	95,838

(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
<p>In the 2013 year, an independent revaluation was done for Buildings and Other Structure assets. This was done on a Consumption Based method, the Council's Asset register uses a Straight Line method. This skewed depreciation for some asset categories.</p> <p>This was not identified in 2014, but has been identified in 2015 and corrections have been implemented.</p> <p>In 2015 there has been identified and corrected, previous period errors with incorrect category assignment and correction to life or value.</p> <p>This reassessment resulted in a material difference as to where some assets actually sat, in respect to their life cycle, relative to what the value of the accumulated depreciation in Council's Financial Reports had previously indicated.</p> <p>Council recognised this process has affected accumulated depreciation and asset values recorded in previous reporting periods.</p> <p>As a result, Council adjusted the fair value and accumulated depreciation for the Asset Classes below, as at 30th June 2014 to reflect the correct value of fair value and accumulated depreciation:</p>			
Buildings - Non Specialised	incr/(decr) to at fair value	-	
Buildings - Non Specialised	(incr)/decr to accumulated depreciation	34	
Buildings - Specialised	incr/(decr) to at fair value	12	
Buildings - Specialised	(incr)/decr to accumulated depreciation	317	
Other Structures	incr/(decr) to at fair value	(18)	
Other Structures	(incr)/decr to accumulated depreciation	193	
<p>Assets across these categories have also been more correctly align with asset type.</p> <p>This adjustment resulted in net increase in Council's Accumulated Surplus as at 30/6/14.</p>			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/13		539	-
(relating to adjustments for the 30/6/13 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/14		(2)	-
(relating to adjustments for the 30/6/14 year end)			
Total Prior Period Adjustments - Prior Period Errors		537	-

(d) Voluntary Changes in Accounting Policies

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	932	757	1,838
User Charges & Fees	678	2	6,410
Interest & Investment Revenue	96	66	238
Other Revenues	328	-	1,889
Grants & Contributions provided for Operating Purposes	6	5	7,157
Grants & Contributions provided for Capital Purposes	641	-	1,533
Other Income			
Net Gains from Disposal of Assets	(2)	-	2
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	2,679	830	19,067
Expenses from Continuing Operations			
Employee Benefits & on-costs	441	230	6,166
Borrowing Costs	36	8	218
Materials & Contracts	798	286	5,253
Depreciation & Amortisation	388	188	3,370
Other Expenses	164	35	1,314
Net Losses from the Disposal of Assets	-	-	13
Total Expenses from Continuing Operations	1,827	747	16,334
Operating Result from Continuing Operations	852	83	2,733
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	852	83	2,733
Net Operating Result attributable to each Council Fund	852	83	2,733
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	211	83	1,200

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

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

Bourke Shire Council

Notes to the Financial Statements

as at 30 June 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,958	908	1,232
Investments	-	-	6,532
Receivables	689	177	1,605
Inventories	-	-	73
Other	-	-	31
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	3,647	1,085	9,473
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	81
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	10,963	9,263	203,879
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	10,963	9,263	203,960
TOTAL ASSETS	14,610	10,348	213,433
LIABILITIES			
Current Liabilities			
Payables	42	-	2,240
Borrowings	29	3	871
Provisions	-	-	2,631
Total Current Liabilities	71	3	5,742
Non-Current Liabilities			
Payables	-	-	-
Borrowings	478	86	3,374
Provisions	-	-	81
Total Non-Current Liabilities	478	86	3,455
TOTAL LIABILITIES	549	89	9,197
Net Assets	14,061	10,259	204,236
EQUITY			
Retained Earnings	7,703	4,539	108,283
Revaluation Reserves	6,358	5,720	95,953
Total Equity	14,061	10,259	204,236

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

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 23/10/15.

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

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

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

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

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment

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

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

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

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

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

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

2015	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements				
Infrastructure, Property, Plant & Equipment				
Plant & Equipment	-	-	3,747	3,747
Furniture & Fittings	-	-	238	238
Operational Land	-	-	1,147	1,147
Community Land	-	-	842	842
Buildings Non-Specialised	-	-	2,463	2,463
Buildings Specialised	-	-	21,492	21,492
Other Structures	-	-	2,617	2,617
Roads	-	-	133,811	133,811
Bridges	-	-	17,471	17,471
Footpaths	-	-	2,104	2,104
Stormwater Drainage	-	-	4,179	4,179
Levee Banks	-	-	8,547	8,547
Water Supply Network	-	-	10,007	10,007
Sewerage Network	-	-	7,770	7,770
Swimming Pools	-	-	868	868
Open Spaces/Recreational	-	-	3,425	3,425
Other Assets	-	-	96	96
Total Infrastructure, Property, Plant & Equipment	-	-	220,824	220,824

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements				
Infrastructure, Property, Plant & Equipment				
Plant & Equipment	-	-	3,734	3,734
Furniture & Fittings	-	-	177	177
Operational Land	-	-	1,011	1,011
Community Land	-	-	842	842
Buildings Non-Specialised	-	-	2,475	2,475
Buildings Specialised	-	-	21,473	21,473
Other Structures	-	-	2,708	2,708
Roads	-	-	123,528	123,528
Bridges	-	-	14,693	14,693
Footpaths	-	-	2,117	2,117
Stormwater Drainage	-	-	2,899	2,899
Levee Banks	-	-	10,123	10,123
Water Supply Network	-	-	10,190	10,190
Sewerage Network	-	-	7,805	7,805
Swimming Pools	-	-	897	897
Open Spaces/Recreational	-	-	3,071	3,071
Other Assets	-	-	91	91
Total Infrastructure, Property, Plant & Equipment	-	-	207,834	207,834

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

Infrastructure, Property, Plant & Equipment

Plant & Equipment

Plant & Equipment are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Examples of assets within these classes are as follows:

Graders, trucks, rollers, tractors and motor vehicles

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

Operational & Community Land

Operational & Community Land are based on the Land Value provided by the Valuer-General. Operational land is based on the Valuer-General's land value as these are representative of actual market values in the Bourke LGA or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the Land.

As these rates are not considered to be observable market evidence they have been classified as a Level 3

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

Buildings - Non Specialised & Specialised

Non Specialised & Specialised Buildings were valued by APV as at 30th June 2013, at Fair Value.

This approach estimated the fair value for each building by componentising the building into significant parts.

All buildings were physically inspected and elements such as useful life reassessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2018.

These assets have been classified as Level 3 valuation inputs.

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Other Structures

A portion of this class of assets was valued by APV as at 30th June 2013, at Fair Value.

The remaining portion is valued utilising the cost approach. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Examples of assets within these classes are as follows:

Waste Depot, Structure other than Buildings and Sale Yards

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

Roads

Roads comprise of road carriageway, roadside shoulders, islands, kerb & guttering. They include sections sealed and unsealed. Road assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

An independent valuation is conducted every five years and is scheduled for revaluation in 2020.

Bridges

Bridge assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

This category consists of all concrete bridges excepting three timber bridges which are to be replaced by end 2017.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market based evidence (Level 2 inputs) other inputs such as, pattern of consumption, traffic load and frequency, residual value, asset condition and useful life will impact significantly on the final determination of the fair value.

These assets have been classified as Level 3 valuation inputs.

Footpaths

Footpath assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as at Level 3 valuation inputs.

Footpaths are inspected annually and condition assessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2020.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Drainage Infrastructure

Stormwater Drainage assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost Assets within this class comprise pit, traps, pipes and channels.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors in determination of fair value.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

An independent valuation is conducted every five years. This asset class is scheduled for revaluation in 2020.

Water Supply Network

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

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Water assets are independently valued every five years. And are scheduled for revaluation in 2017.

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

Sewerage Network

Assets within this class comprise pumping stations, treatment plant and pipelines.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Sewerage assets are independently valued every five years and are scheduled for revaluation in 2017.

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

Bourke Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

Swimming Pools

Assets within this class comprise Council's outdoor swimming pool.

The Cost Approach was utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

Valuations for this asset class were undertaken in-house based on actual costs and assumptions from the Council's Environmental Services Department.

These assets have been classified as Level 3 valuation inputs.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, required extensive professional judgement and impact significantly on the final determination of fair value.

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

Open Spaces/Recreational Assets

Assets within this class comprise leisure and sporting equipment and facilities within cemeteries, parks, ovals sporting complexes and other recreational areas.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

These assets have been classified as Level 3 valuation inputs.

All assets were valued in-house by experienced Department staff.

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)**a. The following tables present the changes in Level 3 Fair Value Asset Classes.**

	Plant & Equipment	Office Equipment	Operational Land	Community Land	Total
Adoption of AASB 13	3,677	217	1,011	842	5,747
Purchases (GBV)	1,101	9	-	-	1,110
Disposals (WDV)	(265)	-	-	-	(265)
Depreciation & Impairment	(779)	(49)	-	-	(828)
Closing Balance - 30/6/14	3,734	177	1,011	842	5,764
Purchases (GBV)	1,117	96	108	-	1,321
Disposals (WDV)	(273)	-	-	-	(273)
Depreciation & Impairment	(831)	(35)	-	-	(866)
Transfer from Work in Progress	-	-	28	-	28
Closing Balance - 30/6/15	3,747	238	1,147	842	5,974
	Buildings Non- Specialised	Buildings Specialised	Other Structures	Swimming Pools	Total
Adoption of AASB 13	2,325	22,150	2,820	994	28,289
Purchases (GBV)	226	150	66	-	442
Disposals (WDV)	-	(96)	-	-	(96)
Depreciation & Impairment	(76)	(730)	(178)	(97)	(1,081)
Closing Balance - 30/6/14	2,475	21,474	2,708	897	27,554
Purchases (GBV)	-	43	78	8	129
Disposals (WDV)	-	-	(16)	-	(16)
Depreciation & Impairment	(45)	(424)	(156)	(67)	(692)
Revaluation 2015	-	70	-	-	70
Prior period adjustment	34	329	5	30	398
Closing Balance - 30/6/15	2,464	21,492	2,619	868	27,443

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)**a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)**

	Roads	Bridges	Footpaths	Recreati- -onal	Total
Adoption of AASB 13	123,930	14,109	1,832	3,282	143,153
Purchases (GBV)	1,166	800	355	67	2,388
Disposals (WDV)	(291)	(2)	-	-	(293)
Depreciation & Impairment	(1,277)	(214)	(70)	(279)	(1,840)
Closing Balance - 30/6/14	123,528	14,693	2,117	3,070	143,408
Purchases (GBV)	1,716	834	-	355	2,905
Depreciation & Impairment	(1,118)	(247)	(81)	(141)	(1,587)
Revaluation 2015	9,686	2,191	68	-	11,945
Prior period adjustment	-	-	-	140	140
Closing Balance - 30/6/15	133,812	17,471	2,104	3,424	156,811

	Water Supply Network	Sewerage Network	Levee Banks Stormwater Drainage	Other Assets	Total
Adoption of AASB 13	10,175	7,762	13,230	87	31,254
Purchases (GBV)	57	-	10	15	82
Disposals (WDV)	-	-	(10)	-	(10)
Depreciation & Impairment	(322)	(169)	(209)	(10)	(710)
FV Gains - Other Comprehensive Income	278	213	-	-	491
Closing Balance - 30/6/14	10,188	7,806	13,021	92	31,107
Purchases (GBV)	-	25	-	15	40
Depreciation & Impairment	(336)	(177)	(276)	(10)	(799)
FV Gains - Other Comprehensive Income	153	117	-	-	270
Revaluation 2015	-	-	(22)	-	(22)
Closing Balance - 30/6/15	10,005	7,771	12,723	97	30,596

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

There were no transfers into nor out of the Level 3 Fair Valuation hierarchy

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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

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

I,PP&E

Class	Fair Value (30/6/15) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	3,748	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •1 to 20 years •0% to 50% 	Significant changes in gross replacement value, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Office Equipment	238	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •4 to 20 years •Varies 	Significant changes in gross replacement value, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Operational Land	1,147	<ul style="list-style-type: none"> •Land Value (as per Valuer General value) 	<ul style="list-style-type: none"> •Varies from asset to asset 	Significant changes in price, based on unimproved capital value, would result in changes to fair value measurements.
Community Land	842	<ul style="list-style-type: none"> •Land Value (as per Valuer General value) 	<ul style="list-style-type: none"> •Varies from asset to asset 	Significant changes in price, based on unimproved capital value, would result in changes to fair value measurements.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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

Class	Fair Value (30/6/15) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings Non-Specialised	2,463	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •15 to 85 years •0% to 70% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Buildings Specialised	21,491	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •7 to 100 years •0% to 70% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Structures	2,619	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •1 to 100 years •0% to 50% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Roads	133,811	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •10 to 100 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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

Class	Fair Value (30/6/15) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Bridges	17,471	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •100 years •0% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Footpaths	2,105	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •15 to 100 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Stormwater Drainage	4,179	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •35 to 100 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Water Supply Network	10,007	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •7 to 122 years •0% to 32% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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

Class	Fair Value (30/6/15) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Sewerage Network	7,770	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •13 to 112 years •0% to 65% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Levee Banks	8,547	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •20 to 80 years •0% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Swimming Pools	867	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •4 to 75 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Open Spaces / Recreational	3,424	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •2 to 100 years •0% to 50% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.

(5). Highest and best use

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2015	2014	2013	2012	2011
Inflows:					
Rates & Annual Charges Revenue	3,527	3,439	3,348	3,205	3,062
User Charges Revenue	7,090	6,827	6,759	6,707	5,522
Interest & Investment Revenue (Losses)	400	435	450	346	270
Grants Income - Operating & Capital	7,096	4,276	5,632	8,071	6,311
Total Income from Continuing Operations	22,576	18,246	19,200	21,085	18,180
Sale Proceeds from I,PP&E	275	336	395	375	564
New Loan Borrowings & Advances	1,278	965	716	731	750
Outflows:					
Employee Benefits & On-cost Expenses	6,837	6,411	6,870	6,145	6,269
Borrowing Costs	262	264	269	247	234
Materials & Contracts Expenses	6,337	6,566	7,291	8,243	6,227
Total Expenses from Continuing Operations	18,908	19,566	21,820	21,327	17,630
Total Cash purchases of I,PP&E	7,437	4,754	3,303	3,539	4,412
Total Loan Repayments (incl. Finance Leases)	816	687	599	696	710
Operating Surplus/(Deficit) (excl. Capital Income)	1,494	(2,074)	(3,599)	(1,889)	(1,046)
Financial Position Figures	2015	2014	2013	2012	2011
Current Assets	14,205	12,268	12,702	10,876	7,837
Current Liabilities	5,816	4,723	4,869	4,892	3,917
Net Current Assets	8,389	7,545	7,833	5,984	3,920
Available Working Capital (Unrestricted Net Current Assets)	6,034	4,647	5,238	3,877	2,313
Cash & Investments - Unrestricted	6,533	4,695	5,602	2,420	2,409
Cash & Investments - Internal Restrictions	1,114	773	619	668	616
Cash & Investments - Total	11,630	10,252	10,891	7,322	6,284
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	4,841	4,379	4,101	3,792	3,757
Total Value of I,PP&E (excl. Land & Earthworks)	302,727	286,273	282,895	284,140	271,874
Total Accumulated Depreciation	80,610	79,418	76,238	101,223	92,195
Indicative Remaining Useful Life (as a % of GBV)	73%	72%	73%	64%	66%

Source: Published audited financial statements of Council (current year & prior year)

Bourke Shire Council

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

Note 29. Council Information & Contact Details

Principal Place of Business:

29 Mitchell St
Bourke NSW 2840

Contact Details**Mailing Address:**

PO Box 21
Bourke NSW 2840

Opening Hours:

Shire Office: Mon - Fri 8:00am to 4:30pm
Service NSW Mon - Thur 8:30am to 4:00pm
Agency Fri 8:30am to 3:45pm

Telephone: 02 6830 8000

Facsimile: 02 6872 3030

Internet: <http://www.bourke.nsw.gov.au>

Officers**GENERAL MANAGER**

Ross Earl

RESPONSIBLE ACCOUNTING OFFICER

Leonie Brown

PUBLIC OFFICER

Leonie Borwn

AUDITORS

Hill Rogers Spencer Steer
Level 5
1 Chifley Square
Sydney NSW 2000

Elected Members**MAYOR**

Andrew Lewis

COUNCILLORS

Barry Hollman (Deputy Mayor)
Victor Bartley
Sally Davis
Cec Dorrington
Lachlan Ford
Robert Stutsel
Sarah Barton
Stuart Johnson
Jack Bennett

Other Information

ABN: 96 716 194 950

BOURKE SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying general purpose financial statements of Bourke Shire Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Accordingly, no opinion is expressed on these matters.

Assurance Partners

T. +61 2 9232 5111
F. +61 2 9233 7950

Level 5, 1 Chifley Square
Sydney NSW 2000 Australia

GPO Box 7066
Sydney NSW 2001

www.hr-ss.com.au
info@hr-ss.com.au

Practising as Hill Rogers Spencer
Steer Assurance Partners

ABN 56 435 338 966

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

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

Independence

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

Auditor's Opinion

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Dated at Sydney this 23rd day of October 2015

23 October 2015

The Mayor
Bourke Shire Council
PO Box 21
BOURKE NSW 2840

Mayor,

Audit Report - Year Ended 30 June 2015

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2015 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$3.668 million as compared with a deficit of \$1.32 million in the previous year.

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The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2015	% of	2014	% of	Increase
	\$'000	Total	\$'000	Total	(Decrease)
					\$'000
Revenues before capital items					
Rates & annual charges	3,527	17%	3,439	20%	88
User charges, fees & other revenues	9,307	46%	7,889	45%	1,418
Grants & contributions provided for operating purposes	7,168	35%	5,729	33%	1,439
Interest & investment revenue	400	2%	435	2%	(35)
	20,402	100%	17,492	100%	2,910
Expenses					
Employee benefits & costs	6,837	36%	6,411	33%	426
Materials, contracts & other expenses	7,863	42%	8,433	43%	(570)
Depreciation, amortisation & impairment	3,946	21%	4,458	23%	(512)
Borrowing costs	262	1%	264	1%	(2)
	18,908	100%	19,566	100%	(658)
Surplus (Deficit) before capital items	1,494		(2,074)		3,568
Grants & contributions provided for capital purposes	2,174		754		1,420
Net Surplus (Deficit) for the year	3,668		(1,320)		4,988
Performance Measures					
	2015		2014		
Operating Performance	7.39%		-9.98%		
Own Source Operating Revenue	58.62%		64.47%		

The above table shows an overall increase of \$4.988 million from the previous year and is mainly attributable to increased recoveries from insurance claims (\$928,000), timing of the payment of the Financial Assistance Grant, which ceased being paid in advance during the prior year (\$2.395 million) and increased capital grants and contributions (\$1.42 million).

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was 7.39% and exceeded the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2015, this indicator was 58.62% and was below the benchmark of 60%.

1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

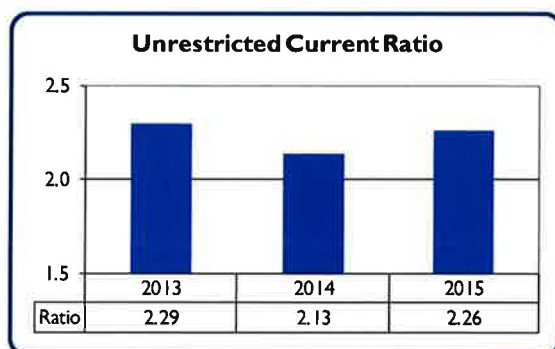
	2015	2014
Funds were provided by:-	\$000	\$000
Operating Result (as above)	3,668	(1,320)
Add back non funding items:-		
- Depreciation, amortisation & impairment	3,946	4,458
- Book value of non-current assets sold	288	664
	<u>7,902</u>	<u>3,802</u>
New loan borrowings	1,278	965
Transfers from externally restricted assets (net)	702	0
Net Changes in current/non-current assets & liabilities	101	195
	<u>9,983</u>	<u>4,962</u>
Funds were applied to:-		
Purchase and construction of assets	(7,438)	(4,292)
Principal repaid on loans	(816)	(687)
Transfers to externally restricted assets (net)	0	(416)
Transfers to internal reserves (net)	(341)	(154)
Net Changes in current/non current assets & liabilities	0	0
	<u>(8,595)</u>	<u>(5,549)</u>
Increase/(Decrease) in Available Working Capital	1,388	(587)

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$5.214 million representing a factor of 2.26 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$6.064 million as detailed below;

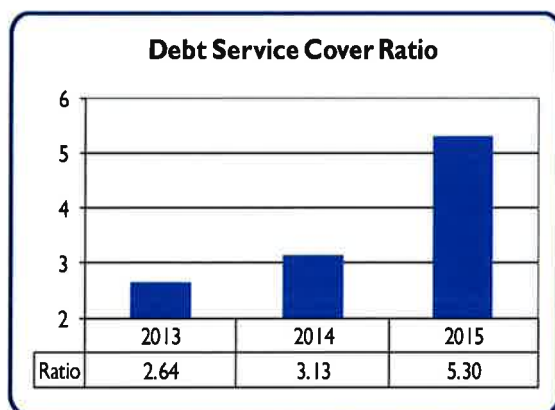
	2015	2014	Change
	\$'000	\$'000	\$'000
Net Current Assets (Working Capital) as per Accounts	8,389	7,545	844
Add: Payables & provisions not expected to be realised in the next 12 months included above	1,600	1,500	100
Adjusted Net Current Assets	9,989	9,045	944
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	903	822	81
- Employees leave entitlements	1,031	1,030	1
- Deposits & retention moneys	30	29	1
Less: Externally restricted assets	(4,775)	(5,477)	702
Less: Internally restricted assets	(1,114)	(773)	(341)
Available Working Capital as at 30 June	6,064	4,676	1,388

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was sound.

2.3 Debt

After repaying principal and interest of \$1.078 million and taking up new borrowings of \$1.278 million, total debt as at 30 June 2015 stood at \$4.841 million (2014 - \$4.379 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2015, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 5.30 to 1.



2.4 Summary

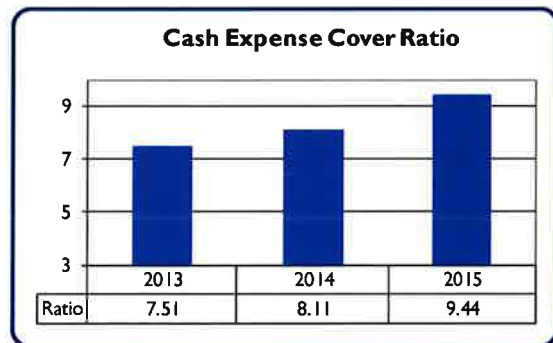
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, satisfactory.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be met with available cash and term deposit balances without the need for additional cash inflow.

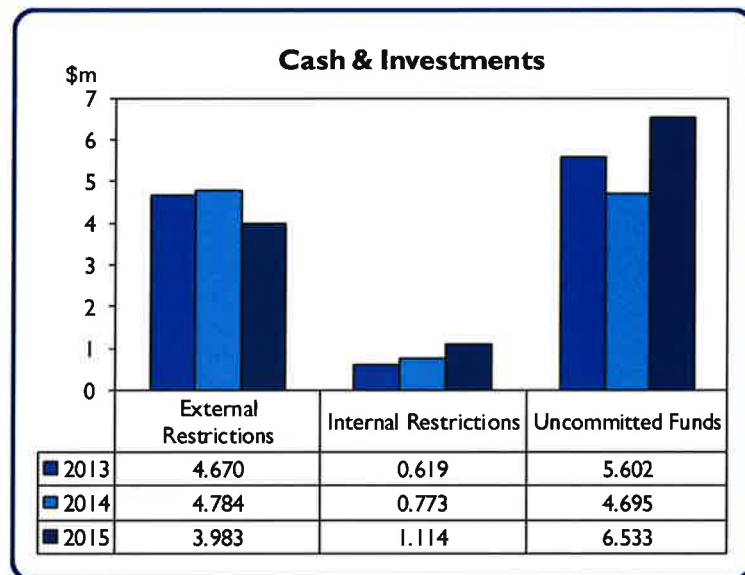
For 2015, this ratio stood at 9.44 months compared to the benchmark of 3.



3.2 Cash & Investment Securities

Cash and investments amounted \$11.630 million at 30 June 2015 as compared with \$10.252 million in 2014 and \$10.891 million in 2013.

The chart alongside summarises the purposes for which cash and investments securities were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended grants and contributions (\$191,000) and water and sewerage funds (\$3.792 million).

Hill Rogers
Spencer Steer

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$1.114 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$6.533 million, which is available to provide liquidity for day to day operations.

3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$711,000 to \$5.098 million at the close of the year.

In addition to operating activities which contributed net cash of \$8.078 million were the proceeds from the sale of investment securities (\$5.641 million), proceeds from new borrowings (\$1.278 million), and the sale of assets (\$275,000). Cash outflows other than operating activities were used to purchase investment securities (\$7.730 million), repay loans (\$816,000) and to purchase and construct assets (\$7.437 million).

4. RECEIVABLES

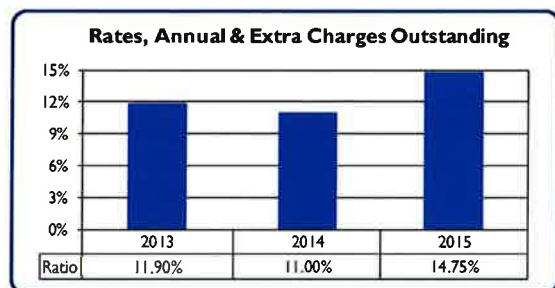
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$3.527 million and represented 16% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$3.901 million of which \$3.392 million (87%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$597,000 at the end of the year and represented 14.75% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$1.994 million and consisted mainly of user charges and fees (\$1.445 million) and debts owed by government departments (\$497,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$39,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$2.712 million. Internally restricted cash and investments of \$594,000 was held representing 22% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

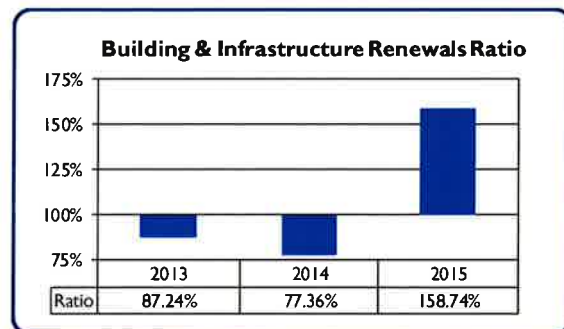
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$30,000 and were fully funded by internally restricted cash and investments.

6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building, Infrastructure and Other Structures Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2015 represented 159% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. REVALUATION OF ASSETS

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

During the year, infrastructure assets were revalued. This resulted in a net increase of \$12.193 million that was credited directly to Equity. Notes 1(j) and 9 of the financial statements provide further details.

8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 15 July 2015. This included our suggestions on possible ways to strengthen and/or improve procedures and management's comments and proposed actions.

Hill Rogers
Spencer Steer

9. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

HILL ROGERS SPENCER STEER



GARY MOTTAU
Partner

Bourke Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

*"To build a strong, united community, proud
of our past and committed to our future"*



Bourke Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Bourke Shire Council

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

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

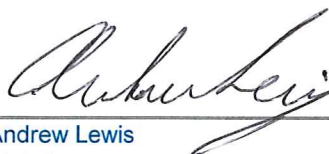
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.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

To the best of our knowledge and belief, these Financial Statements:

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

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

Signed in accordance with a resolution of Council made on 24 August 2015.



Andrew Lewis
MAYOR



Barry Hollman
COUNCILLOR



Ross Earl
GENERAL MANAGER



Leonie Brown
RESPONSIBLE ACCOUNTING OFFICER

Bourke Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	932	906
User charges	664	738
Fees	14	8
Interest	96	111
Grants and contributions provided for non capital purposes	6	6
Profit from the sale of assets	(2)	6
Other income	328	94
Total income from continuing operations	2,038	1,869
Expenses from continuing operations		
Employee benefits and on-costs	441	390
Borrowing costs	36	39
Materials and contracts	798	930
Depreciation and impairment	388	378
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	164	147
Total expenses from continuing operations	1,827	1,884
Surplus (deficit) from Continuing Operations before capital amounts	211	(15)
Grants and contributions provided for capital purposes	641	-
Surplus (deficit) from Continuing Operations after capital amounts	852	(15)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	852	(15)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(63)	-
SURPLUS (DEFICIT) AFTER TAX	789	(15)
plus Opening Retained Profits	6,851	6,866
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	63	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	7,703	6,851
Return on Capital %	2.3%	0.2%
Subsidy from Council	84	347
Calculation of dividend payable:		
Surplus (deficit) after tax	789	(15)
less: Capital grants and contributions (excluding developer contributions)	(641)	-
Surplus for dividend calculation purposes	148	-
Potential Dividend calculated from surplus	74	-

Bourke Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	757	736
User charges	2	1
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	66	81
Grants and contributions provided for non capital purposes	5	5
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	830	823
Expenses from continuing operations		
Employee benefits and on-costs	230	194
Borrowing costs	8	8
Materials and contracts	286	266
Depreciation and impairment	188	178
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	35	21
Total expenses from continuing operations	747	667
Surplus (deficit) from Continuing Operations before capital amounts	83	156
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	83	156
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	83	156
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(25)	(47)
SURPLUS (DEFICIT) AFTER TAX	58	109
plus Opening Retained Profits	4,456	4,300
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	25	47
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	4,539	4,456
Return on Capital %	1.0%	2.1%
Subsidy from Council	189	115
Calculation of dividend payable:		
Surplus (deficit) after tax	58	109
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	58	109
Potential Dividend calculated from surplus	29	55

Bourke Shire Council

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

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	2,958	2,445
Investments	-	-
Receivables	689	771
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,647	3,216
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,963	10,419
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	10,963	10,419
TOTAL ASSETS	14,610	13,635
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	42	43
Interest bearing liabilities	29	27
Provisions	-	-
Total Current Liabilities	71	70
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	478	508
Provisions	-	-
Total Non-Current Liabilities	478	508
TOTAL LIABILITIES	549	578
NET ASSETS	14,061	13,057
EQUITY		
Retained earnings	7,703	6,851
Revaluation reserves	6,358	6,206
Council equity interest	14,061	13,057
Non-controlling equity interest	-	-
TOTAL EQUITY	14,061	13,057

Bourke Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	908	2,098
Investments	-	-
Receivables	177	209
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,085	2,307
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	9,263	7,843
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	9,263	7,843
TOTAL ASSETS	10,348	10,150
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	3	3
Provisions	-	-
Total Current Liabilities	3	3
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	86	88
Provisions	-	-
Total Non-Current Liabilities	86	88
TOTAL LIABILITIES	89	91
NET ASSETS	10,259	10,059
EQUITY		
Retained earnings	4,539	4,456
Revaluation reserves	5,720	5,603
Council equity interest	10,259	10,059
Non-controlling equity interest	-	-
TOTAL EQUITY	10,259	10,059

Bourke Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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

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

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

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

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

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

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

National Competition Policy

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

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

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

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

Declared Business Activities

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

Category 1

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

Council has no Category 1 Business Activities.

Category 2

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

a. Bourke Shire Council Water Supplies

Water supply operations and net assets servicing the town of Bourke and the villages of Byrock, Enngonia, Fords Bridge, Louth and Wanaaring.

b. Bourke Shire Council Sewerage Service

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

Monetary Amounts

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

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

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

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

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

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

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

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

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

(iv) Dividends

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

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

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Bourke Shire Council

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

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2015

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	4,149
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	73,850
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	41,490
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	98,700

2015 Surplus	147,700	2014 Surplus	(15,000)	2013 Surplus	(34,000)
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	41,490
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

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

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

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

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,944
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	42.11%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	10,007
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,403
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	-
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.49%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	641

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements

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

2015

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	3,636
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	29,050
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	36,360
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	26,300

2015 Surplus	58,100	2014 Surplus	109,200	2013 Surplus	(141,000)
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	26,300
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

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

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	764
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	7,771
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	551
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	-
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.32%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	2,706
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.41%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	-
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.99%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-13.45%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 178 Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: - 118 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	294
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	11

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

BOURKE SHIRE COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying special purpose financial statements of Bourke Shire Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Office of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and, accordingly, no opinion is expressed on these disclosures.

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

Assurance Partners

T. +61 2 9232 5111
F. +61 2 9233 7950

Level 5, 1 Chifley Square
Sydney NSW 2000 Australia

GPO Box 7066
Sydney NSW 2001

www.hr-ss.com.au
info@hr-ss.com.au

Practising as Hill Rogers Spencer
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ABN 56 435 338 966

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

Independence

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

Auditor's Opinion

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note I and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note I to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Dated at Sydney this 23rd day of October 2015

Bourke Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

*"To build a strong, united community, proud
of our past and committed to our future"*



Bourke Shire Council

Special Schedules

for the financial year ended 30 June 2015

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

Background

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

Bourke Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	218	-	-	(218)
Administration	1,043	1,375	-	332
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	399	350	-	(49)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	119	10	-	(109)
Other	6	3	-	(3)
Total Public Order & Safety	524	363	-	(161)
Health	651	86	-	(565)
Environment				
Noxious Plants and Insect/Vermin Control	141	81	-	(60)
Other Environmental Protection	203	33	-	(170)
Solid Waste Management	622	487	-	(135)
Street Cleaning	-	-	-	-
Drainage	119	163	-	44
Stormwater Management	-	-	-	-
Total Environment	1,085	764	-	(321)
Community Services and Education				
Administration & Education	13	1	-	(12)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	12	-	-	(12)
Children's Services	-	-	-	-
Total Community Services & Education	25	1	-	(24)
Housing and Community Amenities				
Public Cemeteries	170	22	-	(148)
Public Conveniences	-	-	-	-
Street Lighting	164	32	-	(132)
Town Planning	19	36	-	17
Other Community Amenities	370	121	-	(249)
Total Housing and Community Amenities	723	211	-	(512)
Water Supplies	1,829	2,040	641	852
Sewerage Services	748	831	-	83

Bourke Shire Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	261	28	-	(233)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	51	7	-	(44)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	43	4	-	(39)
Sporting Grounds and Venues	402	1	-	(401)
Swimming Pools	182	-	-	(182)
Parks & Gardens (Lakes)	162	-	-	(162)
Other Sport and Recreation	41	-	-	(41)
Total Recreation and Culture	1,142	40	-	(1,102)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	19	-	19
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	19	-	19
Transport and Communication				
Urban Roads (UR) - Local	2,477	2,899	-	422
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	760	-	-	(760)
Unsealed Rural Roads (URR) - Regional	852	-	-	(852)
Bridges on UR - Local	249	-	400	151
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	91	-	-	(91)
Aerodromes	208	5	-	(203)
Other Transport & Communication	4,918	4,773	1,133	988
Total Transport and Communication	9,555	7,677	1,533	(345)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,365	484	-	(881)
Total Economic Affairs	1,365	484	-	(881)
Totals – Functions	18,908	13,891	2,174	(2,843)
General Purpose Revenues ⁽²⁾		6,511		6,511
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	18,908	20,402	2,174	3,668

(1) As reported in the Income Statement

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

Bourke Shire Council

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	822	3,557	4,379	1,278	816	-	-	262	903	3,938	4,841
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	822	3,557	4,379	1,278	816	-	-	262	903	3,938	4,841
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	822	3,557	4,379	1,278	816	-	-	262	903	3,938	4,841

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

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

Bourke Shire Council

Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	342	259
b. Engineering and Supervision	126	141
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	7	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	157	136
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	2	1
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	22	-
i. Maintenance expenses	73	66
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	473	636
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	201	228
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	336	340
b. Plant and equipment	52	38
4. Miscellaneous expenses		
a. Interest expenses	36	39
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,827	1,884

Bourke Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	932	906
b. Usage charges	678	746
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	-	-
9. Interest income	96	111
10. Other income	328	94
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	641	-
b. Grants for pensioner rebates	6	6
c. Other grants	-	-
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	2,681	1,863
14. Gain (or loss) on disposal of assets	(2)	6
15. Operating Result	852	(15)
15a. Operating Result (less grants for acquisition of assets)	211	(15)

Bourke Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	21
b. New Assets for Growth	-	-
c. Renewals	-	36
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	-	28
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	-	85
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	1,031	1,031
b. Residential (unoccupied, ie. vacant lot)	113	114
c. Non-residential (occupied)	158	158
d. Non-residential (unoccupied, ie. vacant lot)	81	81
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 11,834	\$ 10,742

Bourke Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

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

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

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

Bourke Shire Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,958	-	2,958
31. Receivables			
a. Specific purpose grants	185	-	185
b. Rates and Availability Charges	196	-	196
c. User Charges	-	-	-
d. Other	308	-	308
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	10,709	10,709
b. Plant and equipment	-	254	254
34. Other assets	-	-	-
35. Total assets	3,647	10,963	14,610
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	42	-	42
38. Borrowings			
a. Loans	29	478	507
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	71	478	549
41. NET ASSETS COMMITTED	3,576	10,485	14,061
EQUITY			
42. Accumulated surplus			7,702
43. Asset revaluation reserve			6,359
44. TOTAL EQUITY			14,061
Note to system assets:			
45. Current replacement cost of system assets			22,984
46. Accumulated current cost depreciation of system assets			(12,977)
47. Written down current cost of system assets			10,007

Bourke Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	200	164
b. Engineering and Supervision	46	47
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	10	-
b. Maintenance expenses	67	80
- Pumping Stations		
c. Operation expenses (excluding energy costs)	34	46
d. Energy costs	26	21
e. Maintenance expenses	91	94
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	77	29
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	188	178
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	8	8
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	747	667

Bourke Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	676	631
7. Non-residential charges		
a. Access (including rates)	83	106
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	66	81
11. Other income	-	-
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	5	5
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	830	823
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	83	156
16a. Operating Result (less grants for acquisition of assets)	83	156

Bourke Shire Council

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

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

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	-	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	<u>-</u>	<u>-</u>
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	3
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	<u>-</u>	<u>3</u>
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,084	1,092
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	128	128
d. Non-residential (unoccupied, ie. vacant lot)	-	-
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 10,063	\$ 9,231

Bourke Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies

for the financial year ended 30 June 2015

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

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

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

Bourke Shire Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	74	-	74
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	834	-	834
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	177	-	177
c. User Charges	-	-	-
d. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	9,235	9,235
b. Plant and equipment	-	28	28
35. Other assets	-	-	-
36. Total Assets	1,085	9,263	10,348
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	3	86	89
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	3	86	89
42. NET ASSETS COMMITTED	1,082	9,177	10,259
EQUITY			
42. Accumulated surplus			4,539
44. Asset revaluation reserve			5,720
45. TOTAL EQUITY			10,259
Note to system assets:			
46. Current replacement cost of system assets			15,270
47. Accumulated current cost depreciation of system assets			(7,499)
48. Written down current cost of system assets			7,771

Bourke Shire Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2015

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

Notes:

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

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

Bourke Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres	740	20	11	1,733	21%	63%	0%	16%	0%
	Council Works Depot	-	5	5	1,399	66%	34%	1%	0%	0%
	Council Public Halls	-	10	12	2,264	12%	66%	21%	1%	0%
	Council Houses	-	20	12	1,227	100%	0%	0%	0%	0%
	RFS & SES	-	2	2	1,434	92%	8%	0%	0%	0%
	Medical	30	10	8	1,236	56%	44%	1%	0%	0%
	Sport Complex	-	20	19	1,231	37%	63%	1%	0%	0%
	Airport Terminal	-	2	1	695	94%	6%	0%	0%	0%
	Back O'Bouke Centre	-	55	60	5,826	80%	20%	0%	0%	0%
	Swimming Pool	-	2	1	619	67%	30%	0%	0%	3%
	Other	-	1	1	67	96%	0%	4%	0%	0%
	Other	-	2	19	6,225	64%	30%	4%	2%	0%
	sub total	770	149	149	23,956	62.9%	32.3%	3.1%	1.6%	0.1%
Other Structures	Other Structures	-	5	1	1,856	60%	26%	13%	0%	1%
	Other - Jandra Paddle Boat	-	15	12	488	6%	83%	11%	0%	0%
	Other - Crossley Engine	-	3	-	103	100%	0%	0%	0%	0%
	sub total	-	23	13	2,447	50.9%	36.5%	12.1%	0.2%	0.4%

Bourke Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Roads	Town & Village Roads	-	385	385	8,190	38%	39%	14%	9%	0%
	Roads Other	640	1,700	1,703	118,097	12%	6%	82%	1%	0%
	Bridges	-	22	22	17,471	58%	24%	16%	3%	0%
	Footpaths	973	20	17	1,804	13%	0%	31%	55%	2%
	Cycle ways	-	3	4	301	60%	40%	0%	0%	0%
	Kerb and Gutter	2,766	20	2	3,365	5%	7%	13%	71%	4%
	Airport Runway	-	50	37	4,159	63%	4%	27%	5%	1%
	sub total	4,379	2,200	2,169	153,385	19.7%	9.4%	67.2%	3.6%	0.2%
Water Supply Network	Reservoirs	-	2	2	2,397	0%	43%	57%	0%	0%
	Pumping Station/s	-	45	45	877	66%	11%	10%	11%	3%
	Treatment Plants	8,000	200	200	488	7%	0%	24%	69%	0%
	Pipeline	-	230	240	6,193	16%	0%	76%	7%	1%
	Inlet Works	-	10	-	44	0%	0%	100%	0%	0%
	Telemetry/Ancillary	-	10	10	8	0%	0%	98%	0%	3%
	sub total	8,000	497	497	10,007	16.1%	11.5%	63.3%	8.4%	0.7%
Sewerage Network	Pumping Station/s	-	40	40	2,392	30%	17%	25%	0%	29%
	Treatment	-	5	2	550	0%	62%	38%	0%	0%
	Pipelines	1,600	60	60	4,806	0%	9%	91%	0%	0%
	Telemetry/Ancillary	-	10	10	22	53%	22%	26%	0%	0%
	Other	-	-	-	1					100%
	sub total	1,600	115	112	7,771	9.3%	15.0%	66.9%	0.0%	8.8%

Bourke Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Stormwater Drainage	Outfall Structures	5,000	55	32	4,179	9%	39%	49%	3%	0%
	sub total	5,000	55	32	4,178	9.0%	39.3%	48.6%	2.8%	0.3%
Open Space/ Recreational Assets	Swimming Pools	500	40	8	1,039	4%	6%	88%	2%	0%
	Open Spaces/Recreational	-	60	53	3,425	43%	36%	15%	2%	5%
	sub total	500	100	61	4,464	33.8%	28.8%	31.7%	1.9%	3.8%
Other Infrastructure Assets	Other Levee Banks	-	40	8	8,546	5%	94%	0%	1%	0%
	sub total	-	40	8	8,546	4.8%	94.1%	0.0%	1.1%	0.0%
	TOTAL - ALL ASSETS	20,249	3,179	3,041	214,754	23.8%	16.9%	55.4%	3.3%	0.6%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required

4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Bourke Shire Council

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
<u>(Building, Infrastructure & Other Structures) ⁽¹⁾</u>	<u>4,575</u>	158.74%	73.40%	87.24%
Depreciation, Amortisation & Impairment	2,882			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>20,249</u>			
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>214,754</u>	9.43%	17.08%	n/a
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>3,041</u>			
Required Asset Maintenance	3,179	0.96	1.00	n/a
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>7,150</u>			
Annual Depreciation	3,946	1.81	0.81	n/a

Notes

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

⁽²⁾ Written Down Value

Bourke Shire Council

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

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund			
1. Building, Infrastructure & Other Structures Renewals Ratio			
Asset Renewals (Building, Infrastructure & Other Structures) ⁽²⁾	0.00%	0.00%	193.12%
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	85.47%
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition	79.94%	20.59%	5.41%
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
prior period:	79.49%	57.65%	11.92%
3. Asset Maintenance Ratio			
Actual Asset Maintenance	1.00	0.97	0.95
Required Asset Maintenance			
prior period:	1.00	1.13	0.99
4. Capital Expenditure Ratio			
Annual Capital Expenditure	0.00	0.00	2.12
Annual Depreciation			
prior period:	0.15	0.00	0.92

Notes

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

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

(3) Written Down Value

Bourke Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	1,677	1,716
Plus or minus Adjustments ⁽²⁾	b	-	-
Notional General Income	c = (a + b)	1,677	1,716
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	39	41
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	1,716	1,757
plus (or minus) last year's Carry Forward Total	l	4	2
less Valuation Objections claimed in the previous year	m	(3)	-
sub-total	n = (l + m)	1	2
Total Permissible income	o = k + n	1,717	1,759
less Notional General Income Yield	p	1,715	1,752
Catch-up or (excess) result	q = o - p	2	7
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	(2)
Carry forward to next year	t = q + r - s	2	5

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

BOURKE SHIRE COUNCIL
SPECIAL SCHEDULE NO. 9
INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO. 9

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

Responsibility of Council for Special Schedule No. 9

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

Auditors' Responsibility

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

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

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

Assurance Partners

T. +61 2 9232 5111
F. +61 2 9233 7950

Level 5, 1 Chifley Square
Sydney NSW 2000 Australia

GPO Box 7066
Sydney NSW 2001

www.hr-ss.com.au
info@hr-ss.com.au

Practising as Hill Rogers Spencer
Steer Assurance Partners

ABN 56 435 338 966

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

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

Independence

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

Audit Opinion

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

Basis of Accounting

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

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Dated at Sydney this 23rd day of October 2015