

Bourke Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*"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 2012

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors & Management	3
3. Primary Financial Statements:	
- Income Statement	4
- Statement of Comprehensive Income	5
- Balance Sheet	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
- On the Financial Statements (Sect 417 [2])	61
- On the Conduct of the Audit (Sect 417 [3])	63

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 specified in Paragraph 8 of the LGA and includes;

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

A description of 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 31/10/12.
Council has the power to amend and reissue the financial statements.

Bourke Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

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 2012.

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 NSW Division 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. An Income Statement

A summary of 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. A Statement of Comprehensive Income

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

3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

4. A Statement of Changes in Equity

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

5. A 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 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 Division of Local Government.

More information...

A summary of Council's key financial performance and position figures over the past 5 years can be found at Note 27 of the Financial Statements.

Bourke Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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.

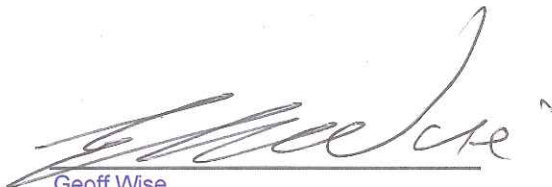
Signed in accordance with a resolution of Council made on 27 August 2012.



Andrew Lewis
MAYOR



Barry Hollman
COUNCILLOR



Geoff Wise
GENERAL MANAGER



Leonie Brown
RESPONSIBLE ACCOUNTING OFFICER

Bourke Shire Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012	\$ '000	Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
3,127	Rates & Annual Charges	3a	3,285	3,205
6,016	User Charges & Fees	3b	5,944	6,707
220	Interest & Investment Revenue	3c	455	346
789	Other Revenues	3d	1,015	911
6,418	Grants & Contributions provided for Operating Purposes	3e,f	8,927	8,259
3,369	Grants & Contributions provided for Capital Purposes	3e,f	1,068	1,657
Other Income:				
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
19,939	Total Income from Continuing Operations		20,694	21,085
Expenses from Continuing Operations				
6,522	Employee Benefits & On-Costs	4a	7,049	6,145
303	Borrowing Costs	4b	256	247
8,563	Materials & Contracts	4c	7,490	8,243
3,706	Depreciation & Amortisation	4d	5,720	5,019
-	Impairment	4d	-	-
820	Other Expenses	4e	1,443	1,276
-	Net Losses from the Disposal of Assets	5	10	397
19,914	Total Expenses from Continuing Operations		21,968	21,327
25	Operating Result from Continuing Operations		(1,274)	(242)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
25	Net Operating Result for the Year		(1,274)	(242)
25	Net Operating Result attributable to Council		(1,274)	(242)
-	Net Operating Result attributable to Minority Interests		-	-
(3,344)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,342)	(1,899)

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

Bourke Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		(1,274)	(242)
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	6,181	5,331
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Total Other Comprehensive Income for the year		6,181	5,331
Total Comprehensive Income for the Year		4,907	5,089
Total Comprehensive Income attributable to Council		4,907	5,089
Total Comprehensive Income attributable to Minority Interests		-	-

Bourke Shire Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	9,657	7,322
Investments	6b	-	-
Receivables	7	3,080	3,366
Inventories	8	40	49
Other	8	152	139
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		12,929	10,876
Non-Current Assets			
Investments	6b	-	-
Receivables	7	130	62
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	186,932	183,744
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		187,062	183,806
TOTAL ASSETS		199,991	194,682
LIABILITIES			
Current Liabilities			
Payables	10	1,796	1,831
Borrowings	10	604	662
Provisions	10	2,604	2,399
Total Current Liabilities		5,004	4,892
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	3,380	3,130
Provisions	10	129	89
Total Non-Current Liabilities		3,509	3,219
TOTAL LIABILITIES		8,513	8,111
Net Assets		191,478	186,571
EQUITY			
Retained Earnings	20	100,139	101,413
Revaluation Reserves	20	91,339	85,158
Council Equity Interest		191,478	186,571
Minority Equity Interest		-	-
Total Equity		191,478	186,571

Bourke Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		101,413	85,158	186,571	-	186,571
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		101,413	85,158	186,571	-	186,571
c. Net Operating Result for the Year		(1,274)	-	(1,274)	-	(1,274)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	6,181	6,181	-	6,181
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	6,181	6,181	-	6,181
Total Comprehensive Income (c&d)		(1,274)	6,181	4,907	-	4,907
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		100,139	91,339	191,478	-	191,478

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		102,330	80,143	182,473	-	182,473
a. Correction of Prior Period Errors	20 (c)	(433)	-	(433)	-	(433)
b. Changes in Accounting Policies (prior year effects)	20 (d)	(558)	-	(558)	-	(558)
Revised Opening Balance (as at 1/7/10)		101,339	80,143	181,482	-	181,482
c. Net Operating Result for the Year		(242)	-	(242)	-	(242)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	5,331	5,331	-	5,331
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	5,331	5,331	-	5,331
Total Comprehensive Income (c&d)		(242)	5,331	5,089	-	5,089
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		316	(316)	-	-	-
Equity - Balance at end of the reporting period		101,413	85,158	186,571	-	186,571

Bourke Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
3,127	Rates & Annual Charges		3,357	3,379
6,016	User Charges & Fees		6,176	5,354
220	Investment & Interest Revenue Received		466	384
9,787	Grants & Contributions		10,567	9,479
-	Bonds, Deposits & Retention amounts received		110	31
789	Other		1,512	661
Payments:				
(6,522)	Employee Benefits & On-Costs		(6,814)	(5,921)
(8,563)	Materials & Contracts		(8,288)	(7,638)
(303)	Borrowing Costs		(264)	(256)
-	Bonds, Deposits & Retention amounts refunded		(161)	(74)
(820)	Other		(1,837)	(1,232)
3,731	Net Cash provided (or used in) Operating Activities	11b	4,825	4,167
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Infrastructure, Property, Plant & Equipment		345	375
Payments:				
(5,635)	Purchase of Infrastructure, Property, Plant & Equipment		(3,027)	(3,539)
(5,635)	Net Cash provided (or used in) Investing Activities		(2,682)	(3,164)
Cash Flows from Financing Activities				
Receipts:				
808	Proceeds from Borrowings & Advances		855	731
Payments:				
(669)	Repayment of Borrowings & Advances		(663)	(696)
139	Net Cash Flow provided (used in) Financing Activities		192	35
(1,765)	Net Increase/(Decrease) in Cash & Cash Equivalents		2,335	1,038
-	plus: Cash & Cash Equivalents - beginning of year	11a	7,322	6,284
(1,765)	Cash & Cash Equivalents - end of the year	11a	9,657	7,322
Additional Information:				
	plus: Investments on hand - end of year	6b	-	-
Total Cash, Cash Equivalents & Investments			9,657	7,322

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	23
2(b)	Council Functions / Activities - Component Descriptions	24
3	Income from Continuing Operations	25
4	Expenses from Continuing Operations	29
5	Gains or Losses from the Disposal of Assets	31
6(a)	Cash & Cash Equivalent Assets	32
6(b)	Investment Securities	32
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	33
7	Receivables	34
8	Inventories & Other Assets	35
9(a)	Infrastructure, Property, Plant & Equipment	36
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	37
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	37 n/a
10(a)	Payables, Borrowings & Provisions	38
10(b)	Description of (& movements in) Provisions	39
11	Statement of Cash Flows - Additional Information	40
12	Commitments for Expenditure	42
13a	Statements of Performance Measures:	
	(i) Local Government Industry Indicators (Consolidated)	43
13b	Statement of Performance Measures - Industry Indicators (by Fund)	44
14	Investment Properties	44 n/a
15	Financial Risk Management	45
16	Material Budget Variations	49
17	Statement of Developer Contributions	50 n/a
18	Contingencies and Other Liabilities/Assets not recognised	51
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	52 n/a
20	Equity - Retained Earnings and Revaluation Reserves	53
21	Financial Result & Financial Position by Fund	55
22	"Held for Sale" Non Current Assets & Disposal Groups	57 n/a
23	Events occurring after Balance Sheet Date	57
24	Discontinued Operations	58 n/a
25	Intangible Assets	58 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	58 n/a
 Additional Council Disclosures		
27	Financial Commentary & Review	59
28	Council Information & Contact Details	60

n/a - not applicable

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 (AASB's), 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 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 Australian Accounting Standards (AASB's) 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 Australian Accounting Standards.

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(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 2011.

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

(v) Basis of Accounting

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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 the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

Critical judgements in applying the entity's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that

future economic benefits will flow to the entity 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 unused grant or contribution is disclosed in Note 3(g).

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/12) and **(ii)** all the related operating results (for the financial year ended the 30th June 2012).

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

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

(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

(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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(e) 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.

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.

(f) 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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

(g) 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.

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

Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division 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)
- **Community Land** (External Valuation)

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

- Other Structures

(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 carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.

- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds

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

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

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

Other Structures	> \$2,000
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Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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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- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years

Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

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 15 years
- Benches, seats etc	10 to 20 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	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years

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

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

(i) 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).

(j) Land under roads

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

(k) 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.

(l) 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.

(m) 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.

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

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(n) 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.

(o) 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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Statement over the period of the borrowings using the effective interest method.

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.

(p) Borrowing costs

Borrowing costs are expensed to the extent that they are incurred during the construction of qualifying assets.

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

(q) 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.

(r) 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 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.

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 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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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 amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2012 was \$188,910. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2012 a deficit still exists. Effective from 1 July 2009, employers were required to contribute additional contributions to assist in extinguishing this deficit. The share of this deficit that can be broadly attributed to the employer was estimated to be in the order of \$543,708 as at 30 June 2012.

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/12.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(s) 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.

(t) 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.

(u) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships.

Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Applicable to Local Government but no implications for Council;

None

Applicable to Local Government but not relevant to Council at this stage;

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called

'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Rounding of amounts

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

(w) 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.

(x) 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 2012

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 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Governance	-	-	-	183	189	196	(183)	(189)	(196)	-	86	-	-
Administration	370	685	971	2,550	2,850	1,518	(2,180)	(2,165)	(547)	36	-	24,184	22,771
Public Order & Safety	154	346	947	465	586	717	(311)	(240)	230	-	608	162	190
Health	33	36	47	567	387	566	(534)	(351)	(519)	-	(86)	680	723
Environment	742	646	534	927	948	892	(185)	(302)	(358)	66	55	-	-
Community Services & Education	1	4	11	33	53	37	(32)	(49)	(26)	1	8	48	67
Housing & Community Amenities	264	121	111	615	608	536	(351)	(487)	(425)	21	28	20,689	20,786
Water Supplies	2,009	2,100	1,874	1,487	2,060	1,848	522	40	26	347	368	10,877	7,682
Sewerage Services	711	785	574	682	681	609	29	104	(35)	-	5	11,764	8,662
Recreation & Culture	50	87	312	1,588	1,884	1,244	(1,538)	(1,797)	(932)	95	301	9,111	9,598
Mining, Manufacturing & Construction	8	2	9	-	-	-	8	2	9	-	-	-	-
Transport & Communication	8,426	9,102	10,104	9,774	10,617	12,172	(1,348)	(1,515)	(2,068)	2,551	2,905	116,270	117,518
Economic Affairs	818	345	365	1,043	1,105	992	(225)	(760)	(627)	33	6	6,206	6,685
Total Functions & Activities	13,586	14,259	15,859	19,914	21,968	21,327	(6,328)	(7,709)	(5,468)	3,150	4,284	199,991	194,682
General Purpose Income ¹	6,353	6,435	5,226	-	-	-	6,353	6,435	5,226	4,895	3,787	-	-
Operating Result from Continuing Operations	19,939	20,694	21,085	19,914	21,968	21,327	25	(1,274)	(242)	8,045	8,071	199,991	194,682

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 2012

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, other community amenities.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, 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 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		277	270
Farmland		1,020	996
Business		69	68
Total Ordinary Rates		1,366	1,334
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		226	214
Water Supply Services		805	788
Sewerage Services		650	642
Drainage		133	131
Waste Management Services (non-domestic)		105	96
Total Annual Charges		1,919	1,871
TOTAL RATES & ANNUAL CHARGES		3,285	3,205
Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.			
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		598	548
Sewerage Services		7	3
Waste Management Services (non-domestic)		82	56
Total User Charges		687	607
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		38	58
Private Works - Section 67		178	227
Registration Fees		6	10
Total Fees & Charges - Statutory/Regulatory		222	295
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		7	11
Cemeteries		28	21
RMS (formerly RTA) Charges (State Roads not controlled by Council)		4,900	5,681
Water Connection Fees		15	9
Other		85	83
Total Fees & Charges - Other		5,035	5,805
TOTAL USER CHARGES & FEES		5,944	6,707

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		46	54
- Interest earned on Investments (interest & coupon payment income)		409	292
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>455</u>	<u>346</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		38	47
General Council Cash & Investments		174	105
Restricted Investments/Funds - External:			
Water Fund Operations		121	90
Sewerage Fund Operations		122	104
<u>Total Interest & Investment Revenue Recognised</u>		<u>455</u>	<u>346</u>
(d). Other Revenues			
Rental Income - Other Council Properties		106	114
Fines		1	1
Legal Fees Recovery - Rates & Charges (Extra Charges)		28	13
Legal Fees Recovery - Other		21	-
Back O'Bourke Centre		250	260
Commissions & Agency Fees		52	55
Contract Works		7	16
Diesel Rebate		45	48
Insurance Claim Recoveries		36	23
Jandra Boat		65	59
Natural Disaster Claim		155	-
Recycling Income (non domestic)		24	32
Sales - General		-	5
Tourism		15	5
Other		210	280
<u>TOTAL OTHER REVENUE</u>		<u>1,015</u>	<u>911</u>

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,756	2,145	-	-
Financial Assistance - Local Roads Component	2,132	1,634	-	-
Pensioners' Rates Subsidies - General Component	7	8	-	-
Total General Purpose	4,895	3,787	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	6	6	-	-
- Sewerage	5	5	-	-
- Domestic Waste Management	6	6	-	-
- Urban Drainage	3	2	-	-
Water Supplies	95	102	252	260
Community Development	33	7	-	-
Employment & Training Programs	13	5	-	-
Flood Restoration	1,089	1,917	-	-
Heritage & Cultural	6	8	-	-
Housing & Community Amenities	-	-	-	608
Library	66	22	-	-
Noxious Weeds	59	55	-	-
Recreation & Culture	-	-	30	271
Street Lighting	21	20	-	-
Transport (Roads to Recovery)	679	471	242	433
Transport (Other Roads & Bridges Funding)	-	-	544	85
Youth Services	1	1	-	-
Total Specific Purpose	2,082	2,627	1,068	1,657
Total Grants	6,977	6,414	1,068	1,657
Grant Revenue is attributable to:				
- Commonwealth Funding	5,904	4,253	494	460
- State Funding	1,006	2,146	574	1,111
- Other Funding	67	15	-	86
	6,977	6,414	1,068	1,657

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
Nil				
Other Contributions:				
Bushfire Services	340	329	-	-
Community Development	-	9	-	-
RMS Contributions (Regional Roads, Block Grant)	1,610	1,507	-	-
Total Other Contributions	1,950	1,845	-	-
Total Contributions	1,950	1,845	-	-
TOTAL GRANTS & CONTRIBUTIONS	8,927	8,259	1,068	1,657

\$ '000	Actual 2012	Actual 2011
(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	576	530
add: Grants & contributions recognised in the current period but not yet spent:	5,077	6,126
less: Grants & contributions recognised in a previous reporting period now spent:	(5,340)	(6,080)
Net Increase (Decrease) in Restricted Assets during the Period	(263)	46
Unexpended and held as Restricted Assets	313	576
Comprising:		
- Specific Purpose Unexpended Grants	313	576
	313	576

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,439	4,357
Travelling		206	185
Employee Leave Entitlements (ELE)		1,300	881
Superannuation		640	602
Workers' Compensation Insurance		314	268
Fringe Benefit Tax (FBT)		9	8
Training Costs (other than Salaries & Wages)		127	136
Sick Leave Insurance		16	-
Protective Clothing		23	-
Other		46	33
Total Employee Costs		7,120	6,470
less: Capitalised Costs		(71)	(325)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>7,049</u>	<u>6,145</u>
Number of "Equivalent Full Time" Employees at year end		74	77
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		86	86
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		256	247
Total Interest Bearing Liability Costs		256	247
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		256	247
(ii) Other Borrowing Costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>256</u>	<u>247</u>

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		9,375	9,543
Contractor & Consultancy Costs		153	165
Auditors Remuneration ⁽¹⁾		38	38
Legal Expenses:			
- Legal Expenses: Planning & Development		3	4
- Legal Expenses: Other		102	112
Total Materials & Contracts		9,671	9,862
less: Capitalised Costs		(2,181)	(1,619)
TOTAL MATERIALS & CONTRACTS		7,490	8,243

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		38	38
Total Auditor Remuneration		38	38

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	748	737
Office Equipment		-	-	42	47
Buildings - Non Specialised		-	-	371	376
Buildings - Specialised		-	-	244	247
Other Structures		-	-	830	152
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,574	2,560
- Stormwater Drainage		-	-	63	63
- Water Supply Network		-	-	509	507
- Sewerage Network		-	-	186	185
- Levee Bank		-	-	137	131
Other Assets					
- Library Books		-	-	16	14
Total Depreciation & Impairment Costs		-	-	5,720	5,019
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	5,720	5,019

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		24	28
Bad & Doubtful Debts		416	152
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		9	10
- NSW Fire Brigade Levy		29	31
- NSW Rural Fire Service Levy		87	175
Councillor Expenses - Mayoral Fee		22	21
Councillor Expenses - Councillors' Fees		101	95
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		24	36
Donations, Contributions & Assistance to other organisations (Section 356)		39	37
Election Expenses		-	5
Electricity & Heating		319	287
Insurance		150	169
Street Lighting		101	114
Subscriptions & Publications		33	35
Telephone & Communications		89	81
Total Other Expenses		1,443	1,276
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>1,443</u>	<u>1,276</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		-	(424)
Net Gain/(Loss) on Disposal		-	(424)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		345	375
less: Carrying Amount of P&E Assets Sold / Written Off		(301)	(348)
Net Gain/(Loss) on Disposal		44	27
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(54)	-
Net Gain/(Loss) on Disposal		(54)	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(10)</u>	<u>(397)</u>

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		226	-	1,104	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		9,431	-	6,218	-
Total Cash & Cash Equivalents		9,657	-	7,322	-
Investment Securities (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		9,657	-	7,322	-

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"

9,657	-	7,322	-
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Investments

Nil

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	9,657	-	7,322	-
attributable to:				
External Restrictions (refer below)	4,680	-	4,234	-
Internal Restrictions (refer below)	617	-	668	-
Unrestricted	4,360	-	2,420	-
	9,657	-	7,322	-
2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions				
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Specific Purpose Unexpended Grants (F)	459	-	(263)	196
Specific Purpose Unexpended Grants (F) - Sewer Fund	117	-	-	117
Water Supplies (G)	1,722	433	-	2,155
Sewerage Services (G)	1,934	262	-	2,196
Domestic Waste Management (G)	2	14	-	16
External Restrictions - Other	4,234	709	(263)	4,680
Total External Restrictions	4,234	709	(263)	4,680
Internal Restrictions				
Employees Leave Entitlement	594	-	-	594
Deposits, Retentions & Bonds	74	-	(51)	23
Total Internal Restrictions	668	-	(51)	617
TOTAL RESTRICTIONS	4,902	709	(314)	5,297

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

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

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		253	89	313	36
Interest & Extra Charges		48	15	33	32
User Charges & Fees		2,219	71	1,883	-
Accrued Revenues					
- Interest on Investments		42	-	38	-
Government Grants & Subsidies		753	-	881	-
Net GST Receivable		-	-	241	-
Total		3,315	175	3,389	68
less: Provision for Impairment					
Rates & Annual Charges		(45)	(30)	(7)	(3)
Interest & Extra Charges		(11)	(11)	(6)	(3)
User Charges & Fees		(45)	(4)	(10)	-
Government Grants & Subsidies		(134)	-	-	-
Total Provision for Impairment - Receivables		(235)	(45)	(23)	(6)
<u>TOTAL NET RECEIVABLES</u>		<u>3,080</u>	<u>130</u>	<u>3,366</u>	<u>62</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		40	-	30	-
- Rates & Availability Charges		204	-	201	-
Sewerage Services					
- Rates & Availability Charges		92	-	99	-
Total External Restrictions		336	-	330	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		2,744	130	3,036	62
<u>TOTAL NET RECEIVABLES</u>		<u>3,080</u>	<u>130</u>	<u>3,366</u>	<u>62</u>

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 11.00% (2011 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 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		40	-	49	-
Total Inventories		40	-	49	-
Other Assets					
Prepayments		152	-	139	-
Total Other Assets		152	-	139	-
TOTAL INVENTORIES / OTHER ASSETS		192	-	188	-
Total Unrestricted Assets		192	-	188	-
TOTAL INVENTORIES & OTHER ASSETS		192	-	188	-

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period					as at 30/6/2012				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	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	-	357	-	-	357	23	-	-	(79)	-	-	301	-	-	301
Plant & Equipment	-	8,129	4,417	-	3,712	864	(287)	(748)	-	-	-	8,273	4,732	-	3,541
Office Equipment	-	471	201	-	270	14	-	(42)	-	-	-	486	244	-	242
Land:															
- Operational Land	-	633	-	-	633	-	-	-	-	-	-	633	-	-	633
- Community Land	-	194	-	-	194	-	-	-	-	-	-	194	-	-	194
Buildings - Non Specialised	-	18,220	3,871	-	14,349	67	-	(371)	-	-	-	18,287	4,242	-	14,045
Buildings - Specialised	-	11,134	1,075	-	10,059	-	-	(244)	-	-	-	11,133	1,318	-	9,815
Other Structures	-	11,494	5,008	-	6,486	306	-	(830)	79	-	-	11,884	5,843	-	6,041
Infrastructure:															
- Roads, Bridges, Footpaths	-	180,659	57,413	-	123,246	1,641	(54)	(2,574)	-	-	-	180,433	58,176	-	122,257
- Stormwater Drainage	-	5,047	2,076	-	2,971	-	-	(63)	-	-	-	5,047	2,139	-	2,908
- Water Supply Network	-	23,415	17,800	-	5,615	112	-	(509)	-	3,181	-	19,199	10,800	-	8,399
- Sewerage Network	-	11,383	4,940	-	6,443	43	-	(186)	-	3,000	-	14,000	4,700	-	9,300
- Levee Bank	-	13,678	4,376	-	9,302	-	-	(137)	-	-	-	13,678	4,513	-	9,165
Other Assets:															
- Library Books	-	153	46	-	107	14	(14)	(16)	-	-	-	143	52	-	91
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	284,967	101,223	-	183,744	3,084	(355)	(5,720)	-	6,181	-	283,691	96,759	-	186,932

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$2,140,802) and New Assets (\$30,051). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	202	124	78	-	202	89	113
Infrastructure	-	19,200	10,800	8,400	-	23,415	17,800	5,615
Total Water Supply	-	19,402	10,924	8,478	-	23,617	17,889	5,728
Sewerage Services								
WIP	-	101	41	60	-	101	32	69
Infrastructure	-	14,000	4,700	9,300	-	11,383	4,940	6,443
Total Sewerage Services	-	14,101	4,741	9,360	-	11,484	4,972	6,512
TOTAL RESTRICTED I,PP&E	-	33,503	15,665	17,838	-	35,101	22,861	12,240

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 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,230	-	1,288	-
Goods & Services - capital expenditure		308	-	253	-
Payments Received In Advance		99	-	93	-
Accrued Expenses:					
- Borrowings		29	-	37	-
- Salaries & Wages		107	-	86	-
Security Bonds, Deposits & Retentions		23	-	74	-
Total Payables		1,796	-	1,831	-
Borrowings					
Loans - Secured ¹		604	3,380	662	3,130
Total Borrowings		604	3,380	662	3,130
Provisions					
Employee Benefits;					
Annual Leave		748	-	700	-
Sick Leave		388	-	374	-
Long Service Leave		1,394	129	1,200	89
Gratuities		14	-	11	-
Other Leave		60	-	114	-
Total Provisions		2,604	129	2,399	89
Total Payables, Borrowings & Provisions		5,004	3,509	4,892	3,219
(i) Liabilities relating to Restricted Assets					
		2012		2011	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		60	561	62	585
Sewer		2	94	2	96
Liabilities relating to externally restricted assets		62	655	64	681
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		62	655	64	681

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 2012

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

\$ '000	2012	2011
(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	1,332	1,438
	<u>1,332</u>	<u>1,438</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2011		2012			Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	700	539	(491)	-	-	748
Sick Leave	374	281	(267)	-	-	388
Long Service Leave	1,289	492	(258)	-	-	1,523
Gratuities	11	18	(15)	-	-	14
Other Leave	114	(54)	-	-	-	60
TOTAL	2,488	1,276	(1,031)	-	-	2,733

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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	9,657	7,322
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		9,657	7,322
 (b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(1,274)	(242)
Adjust for non cash items:			
Depreciation & Amortisation		5,720	5,019
Net Losses/(Gains) on Disposal of Assets		10	397
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(33)	(1,269)
Increase/(Decrease) in Provision for Doubtful Debts		251	(576)
Decrease/(Increase) in Inventories		9	23
Decrease/(Increase) in Other Assets		(13)	(30)
Increase/(Decrease) in Payables		(58)	582
Increase/(Decrease) in accrued Interest Payable		(8)	(9)
Increase/(Decrease) in other accrued Expenses Payable		21	28
Increase/(Decrease) in Other Liabilities		(45)	48
Increase/(Decrease) in Employee Leave Entitlements		245	196
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		4,825	4,167

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
(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:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		5	3
Total Financing Arrangements Utilised		5	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.

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Sewerage Network		500	-
These expenditures are payable as follows:			
Within the next year		500	-
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		500	-
Sources for Funding of Capital Commitments:			
Internally Restricted Reserves		500	-
Total Sources of Funding		500	-

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011 2010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>7,913</u>	2.19 : 1	1.86	1.59
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>3,610</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>919</u>	5.89%	6.31%	7.15%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>15,594</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>3,285</u>	15.87%	15.20%	16.84%
Income from Continuing Operations	<u>20,694</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>308</u>	8.20%	10.16%	16.10%
Rates, Annual & Extra Charges Collectible	<u>3,754</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>2,141</u>	52.42%	53.45%	73.01%
Depreciation, Amortisation & Impairment	<u>4,084</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

(4) 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 and infrastructure assets only.

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽¹⁾</u>	39.98 : 1	1144.00 : 1	2.19 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	31.5 : 1	1016.5 : 1	1.86 : 1
2. Debt Service Ratio			
<u>Debt Service Cost</u>	3.71%	1.40%	6.45%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	8.48%	4.97%	6.08%
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	38.38%	82.93%	10.26%
Income from Continuing Operations			
prior period:	34.76%	82.05%	10.81%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	25.31%	14.13%	0.52%
Rates, Annual & Extra Charges Collectible			
prior period:	28.76%	19.34%	3.55%
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals (Building & Infrastructure assets)</u>	0.00%	0.00%	65.84%
Depreciation, Amortisation & Impairment			
prior period:	3.50%	11.86%	63.92%

Notes

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

Note 14. Investment Properties

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	9,657	7,322	9,657	7,322
Receivables	3,210	3,428	3,210	3,428
Total Financial Assets	12,867	10,750	12,867	10,750
Financial Liabilities				
Payables	1,697	1,738	1,697	1,738
Loans / Advances	3,984	3,792	3,984	3,792
Total Financial Liabilities	5,681	5,530	5,681	5,530

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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is 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.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is 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.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 1% movement in Interest Rates	70	70	(70)	(70)
2011				
Possible impact of a 1% movement in Interest Rates	50	50	(50)	(50)

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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:

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	-	-	-
Past due by up to 30 days	-	2,723	-	663
Past due between 31 and 180 days	132	186	100	1,911
Past due between 181 and 365 days	145	29	159	233
Past due by more than 1 year	65	210	90	301
	<u>342</u>	<u>3,148</u>	<u>349</u>	<u>3,108</u>
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			29	605
+ new provisions recognised during the year			416	-
- amounts already provided for & written off this year			(165)	(576)
Balance at the end of the year			<u>280</u>	<u>29</u>

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 Liquidity 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		
2012									
Trade/Other Payables	23	1,693	-	-	-	-	-	1,716	1,697
Loans & Advances	-	870	800	743	630	447	2,014	5,504	3,984
Total Financial Liabilities	23	2,563	800	743	630	447	2,014	7,220	5,681
2011									
Trade/Other Payables	74	1,664	-	-	-	-	-	1,738	1,738
Loans & Advances	-	926	669	600	542	429	2,261	5,427	3,792
Total Financial Liabilities	74	2,590	669	600	542	429	2,261	7,165	5,530

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:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,697	0.0%	1,738	0.0%
Loans & Advances - Fixed Interest Rate	3,984	7.1%	3,792	7.3%
	<u>5,681</u>		<u>5,530</u>	

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 20 June 2011.

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	2012 Budget	2012 Actual	2012 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	3,127	3,285	158	5%	F
User Charges & Fees	6,016	5,944	(72)	(1%)	U
Interest & Investment Revenue	220	455	235	107%	F
A conservative approach was taken when setting the budget as to what interest rates may do in 2011/12. Council was able to maintain reasonable investments for the period.					
Other Revenues	789	1,015	226	29%	F
Increase in Natural Disaster funding received.					
Operating Grants & Contributions	6,418	8,927	2,509	39%	F
The actual amount of grants received depends on decisions made by State and Federal Government after the original budget is adopted. Additional Funds include Disaster Recovery Funding from the flood event.					
Capital Grants & Contributions	3,369	1,068	(2,301)	(68%)	U
The actual amount of Grants received depends on decisions made by State and Federal Government after the original budget is adopted. Additional funds include work carried out on Roads.					

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	6,522	7,049	(527)	(8%)	U
Borrowing Costs	303	256	47	16%	F
Councils original budget allowed for interest costs for a loan already repaid.					
Materials & Contracts	8,563	7,490	1,073	13%	F
Increase in works carried out on State Highways.					
Depreciation & Amortisation	3,706	5,720	(2,014)	(54%)	U
The updated revaluation of Roads Infrastructure and Assets as at 30/06/12 was omitted from this item.					
Other Expenses	820	1,443	(623)	(76%)	U
Increase in costs of Bad and Doubtful debts and electricity costs.					
Net Losses from Disposal of Assets	-	10	(10)	0%	U
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	3,731	4,825	1,094	29.3%	F
Due to prepayment of the GAGS Grant.					
Cash Flows from Investing Activities	(5,635)	(2,682)	2,953	(52.4%)	F
Not all Infrastructure renewals were carried out due to limited funding available.					
Cash Flows from Financing Activities	139	192	53	38.1%	F
Council increased the borings after the original budget was adopted.					

Note 17. Statement of Developer Contributions

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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.

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) 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. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		101,413	102,330
a. Correction of Prior Period Errors	20 (c)	-	(433)
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	(558)
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		(1,274)	(242)
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	316
Balance at End of the Reporting Period		100,139	101,413
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		91,339	85,158
Total		91,339	85,158
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		85,158	80,143
- Revaluations for the year	9(a)	6,181	5,331
- Transfer to Retained Earnings for Asset disposals		-	(316)
- Balance at End of Year		91,339	85,158
TOTAL VALUE OF RESERVES		91,339	85,158
(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 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
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 - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	-
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		-	(433)
Total Prior Period Adjustments - Prior Period Errors		-	(433)

d. Voluntary Changes in Accounting Policies

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

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

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	-
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		-	(558)
Total Prior Period Adjustments - Accounting Policy Changes		-	(558)

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	806	651	1,828
User Charges & Fees	613	7	5,324
Interest & Investment Revenue	121	122	212
Other Revenues	207	-	808
Grants & Contributions provided for Operating Purposes	101	5	8,821
Grants & Contributions provided for Capital Purposes	252	-	816
Other Income			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	2,100	785	17,809
Expenses from Continuing Operations			
Employee Benefits & on-costs	202	152	6,695
Borrowing Costs	42	9	205
Materials & Contracts	1,033	289	6,168
Depreciation & Amortisation	545	195	4,980
Impairment	-	-	-
Other Expenses	238	36	1,169
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	-	10
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Expenses from Continuing Operations	2,060	681	19,227
Operating Result from Continuing Operations	40	104	(1,418)
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	40	104	(1,418)
Net Operating Result attributable to each Council Fund	40	104	(1,418)
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(212)	104	(2,234)

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 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,155	2,313	5,189
Investments	-	-	-
Receivables	244	92	2,744
Inventories	-	-	40
Other	-	-	152
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	2,399	2,405	8,125
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	130
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	8,478	9,360	169,094
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Total Non-Current Assets	8,478	9,360	169,224
TOTAL ASSETS	10,877	11,765	177,349
LIABILITIES			
Current Liabilities			
Payables	36	-	1,760
Borrowings	24	2	578
Provisions	-	-	2,604
Total Current Liabilities	60	2	4,942
Non-Current Liabilities			
Payables	-	-	-
Borrowings	561	94	2,725
Provisions	-	-	129
Total Non-Current Liabilities	561	94	2,854
TOTAL LIABILITIES	621	96	7,796
Net Assets	10,256	11,669	169,553
EQUITY			
Retained Earnings	4,327	6,278	89,534
Revaluation Reserves	5,929	5,391	80,019
Council Equity Interest	10,256	11,669	169,553
Minority Interests	-	-	-
Total Equity	10,256	11,669	169,553

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 2012

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 Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, up to and including 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 appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 31/10/12.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

The passage of the Clean Air Legislation (Clean Energy Act 2011 and supporting legislation) will have an impact on Council's operating results going forward.

Council expects to pay more for its energy usage including electricity, gas, water and fuel but will be compensated to some extent through additional rate revenue and domestic waste management charges that it proposes to raise.

The operation of Council's landfill site is expected to result in Council being liable for a carbon tax on gas emissions but it is proposed to increase tipping fees to cover this additional cost.

Council also expects construction materials such as concrete and asphalt to increase in price but is unable to quantify the effect of these increases at the present time.

No financial effects of the Clean Air Legislation have been brought to account at 30 June 2012.

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 24. Discontinued Operations

\$ '000

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

Note 25. Intangible Assets

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

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 2012

Note 27. Financial Commentary & Review

\$ '000

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

Financial Performance Figures	2012	2011	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	3,285	3,205	3,062	2,925	2,813
User Charges Revenue	5,944	6,707	5,522	4,100	3,592
Interest & Investment Revenue (Losses)	455	346	270	404	472
Grants Income - Operating & Capital	8,045	8,071	6,311	8,029	7,574
Total Income from Continuing Operations	20,694	21,085	18,180	18,423	16,553
Sale Proceeds from I,PP&E	345	375	564	670	659
New Loan Borrowings & Advances	855	731	750	240	280
Outflows:					
Employee Benefits & On-cost Expenses	7,049	6,145	6,269	6,046	4,946
Borrowing Costs	256	247	234	265	288
Materials & Contracts Expenses	7,490	8,243	6,227	6,382	4,107
Total Expenses from Continuing Operations	21,968	21,327	17,630	17,594	13,890
Total Cash purchases of I,PP&E	3,027	3,539	4,412	5,321	6,073
Total Loan Repayments (incl. Finance Leases)	663	696	710	657	725
Operating Surplus/(Deficit) (excl. Capital Income)	(2,342)	(1,899)	(1,046)	(310)	(402)
Financial Position Figures	2012	2011	2010	2009	2008
Current Assets	12,929	10,876	7,837	7,698	7,810
Current Liabilities	5,004	4,892	3,917	4,807	4,671
Net Current Assets	7,925	5,984	3,920	2,891	3,139
Available Working Capital (Unrestricted Net Current Assets)	5,562	3,877	2,313	1,941	1,003
Cash & Investments - Unrestricted	4,360	2,420	2,409	1,467	1,663
Cash & Investments - Internal Restrictions	617	668	616	633	400
Cash & Investments - Total	9,657	7,322	6,284	4,758	5,839
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	3,984	3,792	3,757	3,717	4,134
Total Value of I,PP&E (excl. Land & Earthworks)	282,864	284,140	271,874	178,602	174,139
Total Accumulated Depreciation	96,759	101,223	92,195	60,882	71,927
Indicative Remaining Useful Life (as a % of GBV)	66%	64%	66%	66%	59%

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 2012

Note 28. 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
Motor Registry: Mon - Thur 8:30am to 4:00pm
Fri 8:30am to 3:45pm

Telephone: 02 6830 8000

Facsimile: 02 6872 3030

Internet: www.bourke.nsw.gov.au

Email: bourkeshire@bourke.nsw.gov.au

Officers

GENERAL MANAGER

Geoff Wise

RESPONSIBLE ACCOUNTING OFFICER

Leonie Brown

PUBLIC OFFICER

Leonie Brown

AUDITORS

Hill Rogers Spencer Steer

Elected Members

MAYOR

Andrew Lewis

COUNCILLORS

Barry Hollman (Deputy Mayor)

Victor Bartley

Sally Davis

Cec Dorrington

Lachlan Ford

Robert Stutsel

Sarah Brown (new)

Stuart Johnson (new)

Jack Bennett (new)

RETIRING COUNCILLORS

Wal Mitchell

John Holmes

Olga Collis-McAnespie

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 Balance Sheet as at 30 June 2012, 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. Nor does our responsibility extend to the additional disclosures in Note 27. Accordingly, no opinion is expressed on these matters.

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

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info@hr-ss.com.au

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Steer Assurance Partners

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,

- (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 31st day of October 2012

31 October 2012

The Mayor
Bourke Shire Council
PO Box 21
BOURKE NSW 2840

Mayor,

Audit Report - Year Ended 30 June 2012

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2012 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 accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) 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 deficit of \$1.274 million as compared with \$242,000 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.

	2012 \$'000	% of Total	2011 \$'000	% of Total	Increase (Decrease) \$'000
Revenues before capital items					
Rates & annual charges	3,285	16.7%	3,205	16%	80
User charges, fees & other revenues	6,959	35.5%	7,618	39%	(659)
Grants & contributions provided for operating purposes	8,927	45.5%	8,259	43%	668
Interest & investment revenue	455	2.3%	346	2%	109
	19,626	100%	19,428	100%	198
Expenses					
Employee benefits & costs	7,049	32%	6,145	29%	904
Materials, contracts & other expenses	8,943	41%	9,916	46%	(973)
Depreciation, amortisation & impairment	5,720	26%	5,019	24%	701
Borrowing costs	256	1%	247	1%	9
	21,968	100%	21,327	100%	641
Surplus/(Deficit) before capital items	(2,342)		(1,899)		(443)
Grants & contributions provided for capital purposes	1,068		1,657		(589)
Net Surplus/(Deficit) for the year	(1,274)		(242)		(1,032)

The table above shows an overall decrease over the previous year of \$1.032 million and can largely be attributed to a reduction in capital grants and increased depreciation charges.

1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

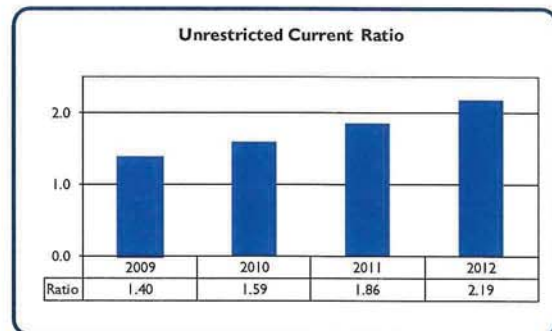
	2012	2011
	\$'000	\$'000
Funds were provided by:-		
Operating Result (as above)	(1,274)	(242)
Add back non funding items:-		
- Depreciation, amortisation & impairment	5,720	5,019
- Book value of non-current assets sold	355	772
	4,801	5,549
New loan borrowings	855	731
Transfers from internal reserves (net)	51	0
Net Changes in current/non-current assets & liabilities	128	377
	5,835	6,657
Funds were applied to:-		
Purchase and construction of assets	(3,084)	(3,699)
Principal repaid on loans	(663)	(696)
Transfers to externally restricted assets (net)	(454)	(615)
Transfers to internal reserves (net)	0	(52)
	(4,201)	(5,062)
Increase/(Decrease) in Available Working Capital	1,634	1,595

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 \$4.303 million representing a factor of 2.19 to 1.



2.2 Available Working Capital – (Working Funds)

A more meaningful financial indicator specific to local government is the level of **Available Working Capital**. Net Current Assets are adjusted by eliminating both external and internal reserves held for future purposes.

At the close of the year the Available Working Capital of Council stood at \$5.585 million as detailed below;

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	2012	2011	Change
	\$'000	\$'000	\$'000
Net Current Assets (Working Capital) as per Accounts	7,925	5,984	1,941
Add: Payables & provisions not expected to be realised in the next 12 months included above	1,332	1,438	(106)
Adjusted Net Current Assets	9,257	7,422	1,835
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	604	662	(58)
- Employees leave entitlements	1,272	961	311
- Deposits & retention moneys	23	74	(51)
Less: Externally restricted assets	(4,954)	(4,500)	(454)
Less: Internally restricted assets	(617)	(668)	51
Available Working Capital as at 30 June	5,585	3,951	1,634

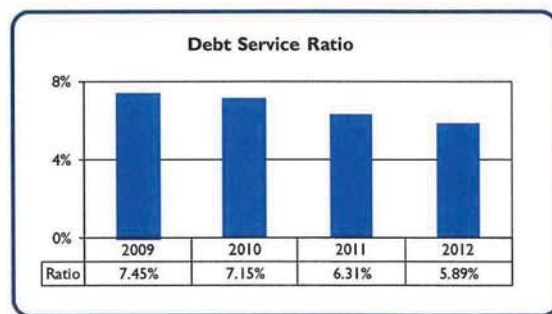
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors and inventories and to provide a buffer against unforeseen and unbudgeted expenditures.

The Available Working Capital balance as at 30 June 2012 was, in our opinion, sound after taking into consideration the nature and level of internally restricted assets (Reserves) that have been set aside.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (repayment of loans) was 5.89%.

Total loans outstanding after repaying principal & interest of \$919,000 was \$3.984 million.



2.4 Summary

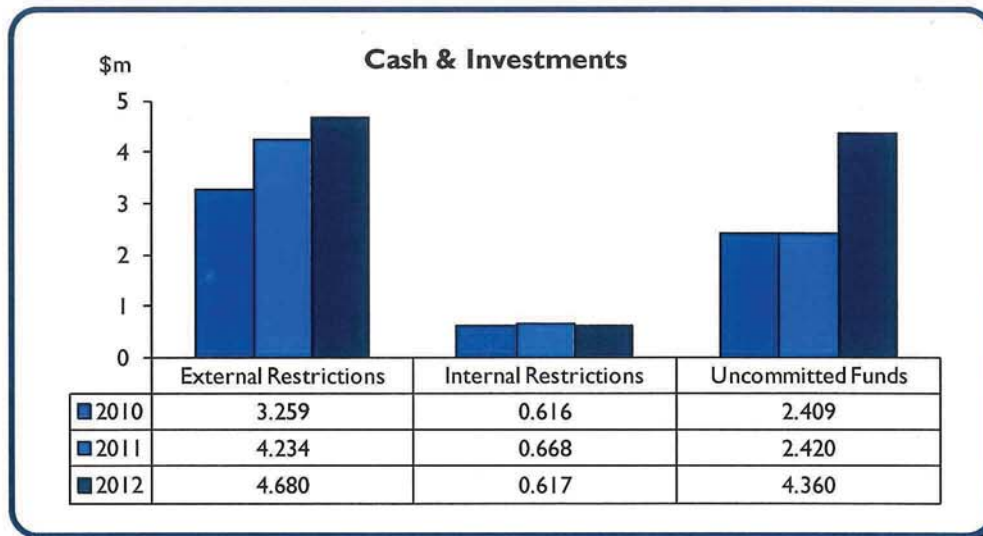
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, satisfactory.

3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$9.657 million as compared with \$7.322 million and \$6.284 million at the close of financial years 2011 and 2010 respectively.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended grants (\$313,000), water and sewerage funds (\$4.351 million) and domestic waste management charges (\$16,000).

Internally restricted cash and investments (Reserves) consisted of amounts set aside to meet employee leave entitlements (\$594,000) and to refund bonds, deposits and retentions (\$23,000).

Unrestricted cash and investments amounted to \$4.360 million.

3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash moving in and out of Council during the year and reveals that Cash Assets increased by \$2.335 million to \$9.657 million at the close of the year.

In addition to operating activities which contributed net cash of \$4.825 million were the proceeds from the sale of assets (\$345,000) and new loans (\$855,000). Cash outflows other than operating activities were used to repay loans (\$663,000) and to purchase and construct assets (\$3.027 million).

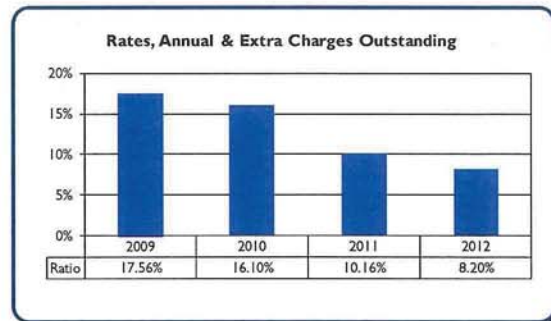
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$3.285 million and represented 15.87% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$3.624 million of which \$3.357 million (92.63%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$308,000 at the end of the year & represented 8.20% of those receivables. The trend down in this performance measure reflects strong financial management of this function.



4.3 Other Receivables

Receivables (other than rates annual & extra charges) totalled \$3.085 million and consisted mainly of user charges and fees (\$2.290 million) and debts owed by government departments (\$753,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$183,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$2.733 million.

A cash reserve of \$594,000 was held at year end representing 21.73% of this liability.

5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$23,000 and were fully funded by cash and investments held in reserves.

Hill Rogers
Spencer Steer

6. MANAGEMENT LETTER

A letter was issued to management during the year in respect of our examination of certain aspects of Council's accounting systems and internal controls necessary to produce reliable financial reports that we considered warrant attention.

7. CONCLUSION

We wish to record our appreciation to your retired 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 2012

*"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 2012

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
- Income Statement of Water Supply Business Activity	3
- Income Statement of Sewerage Business Activity	4
- Income Statement of Other Business Activities	n/a
- Balance Sheet of Water Supply Business Activity	5
- Balance Sheet of Sewerage Business Activity	6
- Balance Sheet of Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	7
4. Auditor's Report	16

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 2012

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:

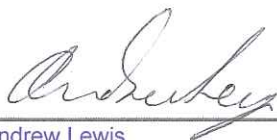
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- 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 27 August 2012.



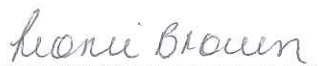
Andrew Lewis
MAYOR



Barry Hollman
COUNCILLOR



Geoff Wise
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 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	806	699	744
User charges	598	548	473
Fees	15	9	5
Interest	121	90	60
Grants and contributions provided for non capital purposes	101	108	5
Profit from the sale of assets	-	19	-
Other income	207	278	-
Total income from continuing operations	1,848	1,751	1,287
Expenses from continuing operations			
Employee benefits and on-costs	202	151	150
Borrowing costs	42	44	51
Materials and contracts	1,033	1,016	582
Depreciation and impairment	545	540	536
Water purchase charges	-	-	-
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	238	116	113
Total expenses from continuing operations	2,060	1,867	1,432
Surplus (deficit) from Continuing Operations before capital amounts	(212)	(116)	(145)
Grants and contributions provided for capital purposes	252	260	169
Surplus (deficit) from Continuing Operations after capital amounts	40	144	24
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	40	144	24
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	40	144	24
plus Opening Retained Profits	4,287	4,128	4,104
plus/less: Other Adjustments	-	15	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	4,327	4,287	4,128
Return on Capital %	-2.0%	-1.3%	-1.6%
Subsidy from Council	427	370	389
Calculation of dividend payable:			
Surplus (deficit) after tax	40	144	24
less: Capital grants and contributions (excluding developer contributions)	(252)	(260)	(169)
Surplus for dividend calculation purposes	-	-	-
Potential Dividend calculated from surplus	-	-	-

Bourke Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	651	512	618
User charges	7	3	3
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	122	104	73
Grants and contributions provided for non capital purposes	5	5	5
Profit from the sale of assets	-	-	-
Other income	-	-	-
Total income from continuing operations	785	624	699
Expenses from continuing operations			
Employee benefits and on-costs	152	43	51
Borrowing costs	9	9	3
Materials and contracts	289	323	230
Depreciation and impairment	195	194	192
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	36	40	37
Total expenses from continuing operations	681	609	513
Surplus (deficit) from Continuing Operations before capital amounts	104	15	186
Grants and contributions provided for capital purposes	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	104	15	186
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	104	15	186
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(31)	(5)	(56)
SURPLUS (DEFICIT) AFTER TAX	73	11	130
plus Opening Retained Profits	6,174	6,159	5,973
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	31	5	56
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	6,278	6,174	6,159
Return on Capital %	1.2%	0.4%	2.9%
Subsidy from Council	171	315	141
Calculation of dividend payable:			
Surplus (deficit) after tax	73	11	130
less: Capital grants and contributions (excluding developer contributions)	-	-	-
Surplus for dividend calculation purposes	73	11	130
Potential Dividend calculated from surplus	36	5	65

Bourke Shire Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	2,155	1,722
Investments	-	-
Receivables	244	231
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	2,399	1,953
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	8,478	5,728
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	8,478	5,728
TOTAL ASSETS	10,877	7,681
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	36	39
Interest bearing liabilities	24	23
Provisions	-	-
Total Current Liabilities	60	62
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	561	585
Provisions	-	-
Total Non-Current Liabilities	561	585
TOTAL LIABILITIES	621	647
NET ASSETS	10,256	7,034
EQUITY		
Retained earnings	4,327	4,287
Revaluation reserves	5,929	2,747
Council equity interest	10,256	7,034
Minority equity interest	-	-
TOTAL EQUITY	10,256	7,034

Bourke Shire Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	2,313	2,051
Investments	-	-
Receivables	92	99
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	2,405	2,150
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	9,360	6,512
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	9,360	6,512
TOTAL ASSETS	11,765	8,662
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	2	2
Provisions	-	-
Total Current Liabilities	2	2
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	94	96
Provisions	-	-
Total Non-Current Liabilities	94	96
TOTAL LIABILITIES	96	98
NET ASSETS	11,669	8,564
EQUITY		
Retained earnings	6,278	6,174
Revaluation reserves	5,391	2,390
Council equity interest	11,669	8,564
Minority equity interest	-	-
TOTAL EQUITY	11,669	8,564

Bourke Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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 2012

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- 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. They are 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 Division 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 Environment, Climate Change and Water) some 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

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

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

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

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

Income Tax

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

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

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

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

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 GPFS.

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.

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return 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 3.03% at 30/6/12.

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 2012 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 its payment.

Bourke Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2012

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	4,272
(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]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	42,720
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(473,000)

2012 Surplus	(212,000)	2011 Surplus	(116,000)	2010 Surplus	(145,000)
		2011 Dividend	-	2010 Dividend	-

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

3. Required outcomes for 6 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	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 2012Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

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)	\$'000	1,631
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)]	%	43.23%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	8,400
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,365
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	115
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)]	%	-3.30%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	348

- 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 2012

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2012

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	3,678
(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]	36,400
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	36,780
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	213,500

2012 Surplus	72,800	2011 Surplus	10,500	2010 Surplus	130,200
		2011 Dividend	-	2010 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	36,400
(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]	YES
	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	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	663
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	9,300
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	477
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	43
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)]	%	-0.10%
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	2,294
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.48%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	158
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)]	%	-1.62%
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 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2012

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)]	%	-17.27%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 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: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		- 289 192
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	(204)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	11

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 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
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 Balance Sheet as at 30 June 2012, 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 Division 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.

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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 requirements of the Division 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 31st day of October 2012

Bourke Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

*"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 2012

Contents

Page

Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
- Special Schedule No. 4	Water Supply - Balance Sheet	9
- Special Schedule No. 5	Sewerage Service - Income Statement	10
- Special Schedule No. 6	Sewerage Service - Balance Sheet	14
- Notes to Special Schedules No. 3 & 5		15
- Special Schedule No. 7	Condition of Public Works	16
- Special Schedule No. 8	Financial Projections	19

¹ Special Purpose Schedules are not audited.

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,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (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 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	189	-	-	(189)
Administration	2,850	685	-	(2,165)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	446	340	-	(106)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	112	6	-	(106)
Other	28	-	-	(28)
Total Public Order & Safety	586	346	-	(240)
Health	387	36	-	(351)
Environment				
Noxious Plants and Insect/Vermin Control	140	60	-	(80)
Other Environmental Protection	155	7	-	(148)
Solid Waste Management	536	443	-	(93)
Street Cleaning	-	-	-	-
Drainage	117	136	-	19
Stormwater Management	-	-	-	-
Total Environment	948	646	-	(302)
Community Services and Education				
Administration & Education	40	2	-	(38)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	13	2	-	(11)
Children's Services	-	-	-	-
Total Community Services & Education	53	4	-	(49)
Housing and Community Amenities				
Public Cemeteries	97	28	-	(69)
Public Conveniences	-	-	-	-
Street Lighting	101	21	-	(80)
Town Planning	43	14	-	(29)
Other Community Amenities	367	58	-	(309)
Total Housing and Community Amenities	608	121	-	(487)
Water Supplies	2,060	1,848	252	40
Sewerage Services	681	785	-	104

Bourke Shire Council

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

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	257	42	30	(185)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	46	-	-	(46)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	39	6	-	(33)
Sporting Grounds and Venues	226	9	-	(217)
Swimming Pools	237	-	-	(237)
Parks & Gardens (Lakes)	1,031	-	-	(1,031)
Other Sport and Recreation	48	-	-	(48)
Total Recreation and Culture	1,884	57	30	(1,797)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	2	-	2
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	2	-	2
Transport and Communication				
Urban Roads (UR) - Local	4,796	3,409	-	(1,387)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	(364)	-	-	364
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	1,170	-	786	(384)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	246	-	-	(246)
Aerodromes	223	7	-	(216)
Other Transport & Communication	4,546	4,900	-	354
Total Transport and Communication	10,617	8,316	786	(1,515)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,105	345	-	(760)
Total Economic Affairs	1,105	345	-	(760)
Totals – Functions	21,968	13,191	1,068	(7,709)
General Purpose Revenues⁽²⁾		6,435		6,435
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	21,968	19,626	1,068	(1,274)

(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)

Bourke Shire Council

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

for the financial year ended 30 June 2012

\$'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	662	3,130	3,792	855	663	-	-	256	604	3,380	3,984
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	662	3,130	3,792	855	663	-	-	256	604	3,380	3,984
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	662	3,130	3,792	855	663	-	-	256	604	3,380	3,984

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 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	146	62
b. Engineering and Supervision	202	121
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	153	179
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	2	2
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	1	-
i. Maintenance expenses	24	16
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	689	717
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	148	174
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	518	515
b. Plant and equipment	28	25
4. Miscellaneous expenses		
a. Interest expenses	42	44
b. Revaluation Decrements	-	-
c. Other expenses	107	12
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	2,060	1,867

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 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges		
a. Access (including rates)	805	699
b. Usage charges	613	558
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	-	-
9. Interest income	121	90
10. Other income	207	278
11. Grants		
a. Grants for acquisition of assets	348	361
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	<u>2,100</u>	<u>1,992</u>
14. Gain (or loss) on disposal of assets	-	19
15. Operating Result	<u>40</u>	<u>144</u>
15a. Operating Result (less grants for acquisition of assets)	(308)	(217)

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 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	113	189
b. New Assets for Growth	-	-
c. Renewals	2	18
d. Plant and equipment	-	99
17. Repayment of debt		
a. Loans	23	96
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	138	402
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)	1,173	1,171
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	133	132
d. Non-residential (unoccupied, ie. vacant lot)	118	119
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 10,349	\$ 10,371

Bourke Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'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 2011/12 (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 Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'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	2,155	-	2,155
31. Receivables			
a. Specific purpose grants	40	-	40
b. Rates and Availability Charges	204	-	204
c. Other (including User Charges)	-	-	-
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	8,400	8,400
b. Plant and equipment	-	78	78
34. Other assets	-	-	-
35. Total assets	<u>2,399</u>	<u>8,478</u>	<u>10,877</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	36	-	36
38. Borrowings			
a. Loans	24	561	585
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>60</u>	<u>561</u>	<u>621</u>
41. NET ASSETS COMMITTED	<u>2,339</u>	<u>7,917</u>	<u>10,256</u>
EQUITY			
42. Accumulated surplus			4,327
43. Asset revaluation reserve			5,929
44. TOTAL EQUITY			<u>10,256</u>
Note to system assets:			
45. Current replacement cost of system assets			19,200
46. Accumulated current cost depreciation of system assets			(10,800)
47. Written down current cost of system assets			<u>8,400</u>

Bourke Shire Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	26	29
b. Engineering and Supervision	141	26
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	47	56
- Pumping Stations		
c. Operation expenses (excluding energy costs)	58	56
d. Energy costs	36	40
e. Maintenance expenses	123	124
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	46	75
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	195	194
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	9	9
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	681	609

Bourke Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	559	429
7. Non-residential charges		
a. Access (including rates)	99	86
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	122	104
11. Other income	-	-
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	<u>785</u>	<u>624</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>104</u>	<u>15</u>
16a. Operating Result (less grants for acquisition of assets)	104	15

Bourke Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	43	23
d. Plant and equipment	-	70
18. Repayment of debt		
a. Loans	2	22
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	45	115
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,069	1,067
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	157	159
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)	\$ 9,124	\$ 9,277

Bourke Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'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"/>	<input type="checkbox"/> No	
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"/> No	
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 2011/12 (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"/> -

* 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 Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	117	-	117
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,196	-	2,196
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	92	-	92
c. Other (including User Charges)	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	9,300	9,300
b. Plant and equipment	-	60	60
35. Other assets	-	-	-
36. Total Assets	<u>2,405</u>	<u>9,360</u>	<u>11,765</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	2	94	96
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	<u>2</u>	<u>94</u>	<u>96</u>
42. NET ASSETS COMMITTED	<u>2,403</u>	<u>9,266</u>	<u>11,669</u>
EQUITY			
42. Accumulated surplus			6,278
44. Asset revaluation reserve			5,391
45. TOTAL EQUITY			<u>11,669</u>
Note to system assets:			
46. Current replacement cost of system assets			14,000
47. Accumulated current cost depreciation of system assets			(4,700)
48. Written down current cost of system assets			<u>9,300</u>

Bourke Shire Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2012

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.

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. 8 - Financial Projections
as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	20,694	18,368	19,786	19,538	20,004
Expenses from continuing operations	21,968	19,996	20,623	21,187	21,187
Operating Result from Continuing Operations	<u>(1,274)</u>	<u>(1,628)</u>	<u>(837)</u>	<u>(1,649)</u>	<u>(1,183)</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	-	1,900	300	-	3,700
Replacement/Refurbishment of Existing Assets	-	2,282	3,312	3,011	3,647
Total Capital Budget	<u>-</u>	<u>4,182</u>	<u>3,612</u>	<u>3,011</u>	<u>7,347</u>
Funded by:					
- Loans	-	1,175	1,000	1,000	1,000
- Asset sales	-	-	-	-	-
- Reserves	-	1,365	600	300	400
- Grants/Contributions	-	1,642	2,012	1,711	5,947
- Recurrent revenue	-	-	-	-	-
- Other	-	-	-	-	-
	<u>-</u>	<u>4,182</u>	<u>3,612</u>	<u>3,011</u>	<u>7,347</u>

Notes:

(1) From 11/12 Income Statement.

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

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

(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.