

Bourke Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

*"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 2013

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Bourke Shire Council.
- (ii) Bourke Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 14 November 2013. Council has the power to amend and reissue these financial statements.
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Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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 2013.

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. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

More information...

A review of Council's key financial figures over the past five 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 2013

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 26 August 2013.



Andrew Lewis
MAYOR



Barry Hollman
COUNCILLOR



Ross Earl
GENERAL MANAGER



Leonie Brown
RESPONSIBLE ACCOUNTING OFFICER

Bourke Shire Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013	\$ '000	Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
<i>Revenue:</i>				
3,574	Rates & Annual Charges	3a	3,348	3,285
5,798	User Charges & Fees	3b	6,759	5,944
300	Interest & Investment Revenue	3c	450	455
775	Other Revenues	3d	1,009	1,015
7,535	Grants & Contributions provided for Operating Purposes	3e,f	6,655	8,927
1,764	Grants & Contributions provided for Capital Purposes	3e,f	979	1,068
19,746	Total Income from Continuing Operations		19,200	20,694
Expenses from Continuing Operations				
6,160	Employee Benefits & On-Costs	4a	6,870	7,049
275	Borrowing Costs	4b	269	256
9,140	Materials & Contracts	4c	7,291	7,490
3,706	Depreciation & Amortisation	4d	3,673	5,720
715	Other Expenses	4e	1,766	1,443
-	Net Losses from the Disposal of Assets	5	1,951	10
19,996	Total Expenses from Continuing Operations		21,820	21,968
(250)	Operating Result from Continuing Operations		(2,620)	(1,274)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(250)	Net Operating Result for the Year		(2,620)	(1,274)
(250)	Net Operating Result attributable to Council		(2,620)	(1,274)
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,014)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(3,599)	(2,342)

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

Bourke Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		(2,620)	(1,274)
Other Comprehensive Income:			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	4,008	6,181
Adjustment to correct prior period errors		-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Total Items which will not be reclassified subsequently to the Operating Result		4,008	6,181
<i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i>			
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	-
Total Other Comprehensive Income for the year		4,008	6,181
Total Comprehensive Income for the Year		1,388	4,907
Total Comprehensive Income attributable to Council		1,388	4,907
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Bourke Shire Council

Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012	Actual 2011
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	10,891	9,657	7,322
Investments	6b	-	-	-
Receivables	7	1,579	3,080	3,366
Inventories	8	46	40	49
Other	8	186	152	139
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		12,702	12,929	10,876
Non-Current Assets				
Investments	6b	-	-	-
Receivables	7	129	130	62
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	212,687	211,230	183,744
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
Total Non-Current Assets		212,816	211,360	183,806
TOTAL ASSETS		225,518	224,289	194,682
LIABILITIES				
Current Liabilities				
Payables	10	1,784	1,796	1,831
Borrowings	10	687	604	662
Provisions	10	2,398	2,604	2,399
Total Current Liabilities		4,869	5,004	4,892
Non-Current Liabilities				
Payables	10	-	-	-
Borrowings	10	3,414	3,380	3,130
Provisions	10	71	129	89
Total Non-Current Liabilities		3,485	3,509	3,219
TOTAL LIABILITIES		8,354	8,513	8,111
Net Assets		217,164	215,776	186,571
EQUITY				
Retained Earnings	20	121,817	124,437	101,413
Revaluation Reserves	20	95,347	91,339	85,158
Council Equity Interest		217,164	215,776	186,571
Non-controlling Interest		-	-	-
Total Equity		217,164	215,776	186,571

Bourke Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		124,437	91,339	215,776	-	215,776
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		124,437	91,339	215,776	-	215,776
c. Net Operating Result for the Year		(2,620)	-	(2,620)	-	(2,620)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	4,008	4,008	-	4,008
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	4,008	4,008	-	4,008
Total Comprehensive Income (c&d)		(2,620)	4,008	1,388	-	1,388
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		121,817	95,347	217,164	-	217,164
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)	24,298	-	24,298	-	24,298
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		125,711	85,158	210,869	-	210,869
c. Net Operating Result for the Year		(1,274)	-	(1,274)	-	(1,274)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	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 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) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		124,437	91,339	215,776	-	215,776

Bourke Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
3,574	Rates & Annual Charges		3,227	3,357
5,797	User Charges & Fees		8,059	6,177
300	Investment & Interest Revenue Received		402	466
9,299	Grants & Contributions		8,386	10,567
-	Bonds, Deposits & Retention amounts received		122	110
775	Other		639	1,512
Payments:				
(6,160)	Employee Benefits & On-Costs		(7,128)	(6,814)
(9,140)	Materials & Contracts		(7,490)	(8,288)
(275)	Borrowing Costs		(272)	(264)
-	Bonds, Deposits & Retention amounts refunded		(120)	(161)
(715)	Other		(1,800)	(1,837)
3,455	Net Cash provided (or used in) Operating Activities	11b	4,025	4,825
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Infrastructure, Property, Plant & Equipment		395	345
Payments:				
(4,182)	Purchase of Infrastructure, Property, Plant & Equipment		(3,303)	(3,027)
(4,182)	Net Cash provided (or used in) Investing Activities		(2,908)	(2,682)
Cash Flows from Financing Activities				
Receipts:				
1,175	Proceeds from Borrowings & Advances		716	855
Payments:				
(467)	Repayment of Borrowings & Advances		(599)	(663)
708	Net Cash Flow provided (used in) Financing Activities		117	192
(19)	Net Increase/(Decrease) in Cash & Cash Equivalents		1,234	2,335
-	plus: Cash & Cash Equivalents - beginning of year	11a	9,657	7,322
(19)	Cash & Cash Equivalents - end of the year	11a	10,891	9,657

Please refer to Note 11 for further information

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 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 2013.

Refer further to paragraph (u) 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 2013

Note 1. Summary of Significant Accounting Policies

(vii) Critical Accounting Estimates

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on 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 2013

Note 1. Summary of Significant Accounting Policies

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 June 2013) and **(ii)** all the related operating results (for the financial year ended the 30th June 2013).

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 2013

Note 1. Summary of Significant Accounting Policies

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 2013

Note 1. Summary of Significant Accounting Policies

The collectability 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 are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated 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)
- **Land Improvements**
(as approximated by depreciated historical cost)

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Water & Sewer Assets

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

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

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

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

(p) Borrowing costs

Borrowing costs are expensed except 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.

Expected future payments are then discounted using market yields at the reporting date based on national

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20/02/13 and covered the period ended 30/06/13.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$175,069.

The amount of additional contributions included in the total employer contribution advised above is \$76,496.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$355,658 as at 30 June 2013.

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

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

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

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 30/6/13.

(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 2013.

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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular 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 gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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 de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

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

AASB 13 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;

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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

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)

This suite of five new and amended standards 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.

Council does not expect to adopt the new standards before their operative date.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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)

This revised standard on accounting for employee benefits requires the recognition of all re-measurements 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 paragraph (r) (iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

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 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	199	224	189	(199)	(224)	(189)	-	-	-	1,101
Administration	555	1,028	685	2,565	3,550	2,850	(2,010)	(2,522)	(2,165)	27	36	16,597	24,184
Public Order & Safety	124	301	346	440	696	586	(316)	(395)	(240)	-	-	1,599	162
Health	40	41	36	392	487	387	(352)	(446)	(351)	-	-	1,287	680
Environment	744	639	646	1,250	954	948	(506)	(315)	(302)	57	66	-	-
Community Services & Education	2	2	4	32	24	53	(30)	(22)	(49)	1	1	194	48
Housing & Community Amenities	116	135	121	1,040	673	608	(924)	(538)	(487)	41	21	25,493	21,660
Water Supplies	2,184	1,686	2,100	1,597	1,701	2,060	587	(15)	40	-	347	12,330	10,877
Sewerage Services	739	779	785	710	913	681	29	(134)	104	-	-	9,958	11,764
Recreation & Culture	276	319	87	804	1,366	1,884	(528)	(1,047)	(1,797)	186	95	8,133	9,111
Mining, Manufacturing & Construction	6	16	2	-	-	-	6	16	2	-	-	-	-
Transport & Communication	8,801	8,430	9,102	9,930	10,020	10,617	(1,129)	(1,590)	(1,515)	1,491	2,551	144,501	138,496
Economic Affairs	490	342	345	1,037	1,212	1,105	(547)	(870)	(760)	-	33	5,426	6,206
Total Functions & Activities	14,077	13,718	14,259	19,996	21,820	21,968	(5,919)	(8,102)	(7,709)	1,803	3,150	225,518	224,289
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	5,669	5,482	6,435	-	-	-	5,669	5,482	6,435	3,829	4,895	-	-
Operating Result from Continuing Operations	19,746	19,200	20,694	19,996	21,820	21,968	(250)	(2,620)	(1,274)	5,632	8,045	225,518	224,289

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 2013

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.

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 2013

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		341	277
Farmland		977	1,020
Business		93	69
Total Ordinary Rates		1,411	1,366
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		235	226
Water Supply Services		777	805
Sewerage Services		678	650
Drainage		140	133
Waste Management Services (non-domestic)		107	105
Total Annual Charges		1,937	1,919
TOTAL RATES & ANNUAL CHARGES		3,348	3,285

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		686	598
Sewerage Services		2	7
Waste Management Services (non-domestic)		83	82
Total User Charges		771	687
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		74	38
Private Works - Section 67		389	178
Registration Fees		5	6
Total Fees & Charges - Statutory/Regulatory		468	222
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		4	7
Cemeteries		24	28
RMS (formerly RTA) Charges (State Roads not controlled by Council)		5,359	4,900
Water Connection Fees		8	15
Other		125	85
Total Fees & Charges - Other		5,520	5,035
TOTAL USER CHARGES & FEES		6,759	5,944

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		51	46
- Interest earned on Investments (interest & coupon payment income)		399	409
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>450</u>	<u>455</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		51	38
General Council Cash & Investments		191	174
Restricted Investments/Funds - External:			
Water Fund Operations		112	121
Sewerage Fund Operations		96	122
<u>Total Interest & Investment Revenue Recognised</u>		<u>450</u>	<u>455</u>
(d) Other Revenues			
Rental Income - Other Council Properties		132	106
Fines		3	1
Legal Fees Recovery - Rates & Charges (Extra Charges)		16	28
Legal Fees Recovery - Other		-	21
Back O'Bourke Centre		298	250
Commissions & Agency Fees		58	52
Contract Works		5	7
Diesel Rebate		54	45
Insurance Claim Recoveries		11	36
Jandra Boat		51	65
Natural Disaster Claim		-	155
Recycling Income (non domestic)		12	24
Tourism		-	15
Other		369	210
<u>TOTAL OTHER REVENUE</u>		<u>1,009</u>	<u>1,015</u>

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,150	2,756	-	-
Financial Assistance - Local Roads Component	1,670	2,132	-	-
Pensioners' Rates Subsidies - General Component	9	7	-	-
Total General Purpose	3,829	4,895	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	6	6	-	-
- Sewerage	5	5	-	-
- Domestic Waste Management	5	6	-	-
- Urban Drainage	3	3	-	-
Water Supplies	-	95	-	252
Community Development	41	33	-	-
Employment & Training Programs	8	13	-	-
Flood Restoration	309	1,089	-	-
Heritage & Cultural	4	6	-	-
Library	23	66	-	-
Noxious Weeds	57	59	-	-
Recreation & Culture	-	-	10	30
Street Lighting	21	21	-	-
Transport (Roads to Recovery)	497	679	220	242
Transport (Other Roads & Bridges Funding)	-	-	444	544
Youth Services	1	-	-	-
Breaking the Cycle Funding	-	-	149	-
Other	-	1	-	-
Total Specific Purpose	980	2,082	823	1,068
Total Grants	4,809	6,977	823	1,068
Grant Revenue is attributable to:				
- Commonwealth Funding	4,317	5,904	220	494
- State Funding	478	1,006	444	574
- Other Funding	14	67	159	-
	4,809	6,977	823	1,068

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
Nil				
Other Contributions:				
Bushfire Services	296	340	-	-
RMS Contributions (Regional Roads, Block Grant)	1,550	1,610	156	-
Total Other Contributions	1,846	1,950	156	-
Total Contributions	1,846	1,950	156	-
<u>TOTAL GRANTS & CONTRIBUTIONS</u>	<u>6,655</u>	<u>8,927</u>	<u>979</u>	<u>1,068</u>

\$ '000	Actual 2013	Actual 2012
(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	313	576
add: Grants & contributions recognised in the current period but not yet spent:	402	5,077
less: Grants & contributions recognised in a previous reporting period now spent:	(180)	(5,340)
Net Increase (Decrease) in Restricted Assets during the Period	222	(263)
Unexpended and held as Restricted Assets	<u>535</u>	<u>313</u>
Comprising:		
- Specific Purpose Unexpended Grants	464	313
- Other Contributions	71	-
	<u>535</u>	<u>313</u>

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,878	4,439
Travelling		196	206
Employee Leave Entitlements (ELE)		948	1,300
Superannuation		550	640
Workers' Compensation Insurance		83	314
Fringe Benefit Tax (FBT)		21	9
Training Costs (other than Salaries & Wages)		276	127
Sick Leave Insurance		13	16
Protective Clothing		34	23
Other		26	46
Total Employee Costs		7,025	7,120
less: Capitalised Costs		(155)	(71)
TOTAL EMPLOYEE COSTS EXPENSED		6,870	7,049
Number of "Equivalent Full Time" Employees at year end		74	74
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		85	86
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		269	256
Total Interest Bearing Liability Costs Expensed		269	256
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		269	256

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		10,339	9,375
Contractor & Consultancy Costs		177	153
Auditors Remuneration ⁽¹⁾		42	38
Legal Expenses:			
- Legal Expenses: Planning & Development		-	3
- Legal Expenses: Other		24	102
Other		22	-
Total Materials & Contracts		10,604	9,671
less: Capitalised Costs		(3,313)	(2,181)
TOTAL MATERIALS & CONTRACTS		7,291	7,490

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor:

(i) Audit and Other Assurance Services

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

	42	38
Remuneration for audit and other assurance services	42	38
Total Auditor Remuneration	42	38

\$ '000	Impairment Costs		Depreciation/Amortisation	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	-	-	737	748
Office Equipment	-	-	45	42
Buildings - Non Specialised	-	-	49	371
Buildings - Specialised	-	-	343	244
Other Structures	-	-	299	830
Infrastructure:				
- Roads, Bridges & Footpaths	-	-	1,482	2,574
- Stormwater Drainage	-	-	66	63
- Water Supply Network	-	-	322	509
- Sewerage Network	-	-	175	186
- Levee Bank	-	-	144	137
Other Assets				
- Library Books	-	-	11	16
Total Depreciation & Impairment Costs	-	-	3,673	5,720
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	-	-	3,673	5,720

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		30	24
Bad & Doubtful Debts		53	416
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		9	9
- NSW Fire Brigade Levy		30	29
- NSW Rural Fire Service Levy		90	87
Councillor Expenses - Mayoral Fee		23	22
Councillor Expenses - Councillors' Fees		103	101
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		30	24
Donations, Contributions & Assistance to other organisations (Section 356)		47	39
Election Expenses		28	-
Electricity & Heating		601	319
Insurance		468	150
Street Lighting		135	101
Subscriptions & Publications		42	33
Telephone & Communications		77	89
<u>TOTAL OTHER EXPENSES</u>		<u>1,766</u>	<u>1,443</u>

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(1,379)	-
Net Gain/(Loss) on Disposal		<u>(1,379)</u>	<u>-</u>
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		395	345
less: Carrying Amount of P&E Assets Sold / Written Off		(232)	(301)
Net Gain/(Loss) on Disposal		<u>163</u>	<u>44</u>
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(735)	(54)
Net Gain/(Loss) on Disposal		<u>(735)</u>	<u>(54)</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(1,951)</u>	<u>(10)</u>

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2013

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

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		704	-	226	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		10,187	-	9,431	-
Total Cash & Cash Equivalents		10,891	-	9,657	-
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		10,891	-	9,657	-

**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"

	10,891	-	9,657	-
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Investments

Nil

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	10,891	-	9,657	-
attributable to:				
External Restrictions (refer below)	4,670	-	4,680	-
Internal Restrictions (refer below)	619	-	617	-
Unrestricted	5,602	-	4,360	-
	10,891	-	9,657	-

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

RMS (formerly RTA) Contributions (C)	-	71	-	71
Specific Purpose Unexpended Grants (A)	196	402	(208)	390
Specific Purpose Unexpended Grants-Sewer Fund (A)	117	-	(43)	74
Water Supplies (B)	2,155	213	-	2,368
Sewerage Services (B)	2,196	-	(429)	1,767
Domestic Waste Management (B)	16	-	(16)	-
External Restrictions - Other	4,680	686	(696)	4,670
Total External Restrictions	4,680	686	(696)	4,670
Internal Restrictions				
Employees Leave Entitlement	594	-	-	594
Deposits, Retentions & Bonds	23	3	(1)	25
Total Internal Restrictions	617	3	(1)	619
TOTAL RESTRICTIONS	5,297	689	(697)	5,289

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

B 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.

C RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		327	172	253	89
Interest & Extra Charges		52	25	48	15
User Charges & Fees		1,021	-	2,219	71
Accrued Revenues					
- Interest on Investments		76	-	42	-
Government Grants & Subsidies		1	-	753	-
Net GST Receivable		236	-	-	-
Total		1,713	197	3,315	175
less: Provision for Impairment					
Rates & Annual Charges		(55)	(56)	(45)	(30)
Interest & Extra Charges		(10)	(12)	(11)	(11)
User Charges & Fees		(69)	-	(45)	(4)
Government Grants & Subsidies		-	-	(134)	-
Total Provision for Impairment - Receivables		(134)	(68)	(235)	(45)
<u>TOTAL NET RECEIVABLES</u>		<u>1,579</u>	<u>129</u>	<u>3,080</u>	<u>130</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		160	-	114	-
- Other		165	-	130	-
Sewerage Services					
- Rates & Availability Charges		130	-	92	-
Total External Restrictions		455	-	336	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,124	129	2,744	130
TOTAL NET RECEIVABLES		<u>1,579</u>	<u>129</u>	<u>3,080</u>	<u>130</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 10.00% (2012 11.00%).
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 2013

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		46	-	40	-
Total Inventories		46	-	40	-
Other Assets					
Prepayments		186	-	152	-
Total Other Assets		186	-	152	-
TOTAL INVENTORIES / OTHER ASSETS		232	-	192	-
Restricted Assets					
There are no restrictions applicable to the above assets.					
Total Unrestricted Assets		232	-	192	-
TOTAL INVENTORIES & OTHER ASSETS		232	-	192	-

(i) Other Disclosures

(a) Inventory Write Downs

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

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012				Asset Movements during the Reporting Period					as at 30/6/2013						
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value	
			Dep'n	Impairment									Dep'n	Impairment		
Capital Work in Progress	-	301	-	-	301	66	-	-	(301)	-	66	-	-	-	-	66
Plant & Equipment	-	8,273	4,732	-	3,541	1,105	(232)	(737)	-	-	-	8,372	4,695	-	-	3,677
Office Equipment	-	486	244	-	242	20	-	(45)	-	-	-	407	190	-	-	217
Land:																
- Operational Land	-	758	-	-	758	-	(58)	-	23	288	-	1,011	-	-	-	1,011
- Community Land	-	663	-	-	663	-	-	-	-	179	-	842	-	-	-	842
Buildings - Non Specialised	-	3,379	1,433	-	1,946	-	-	(49)	-	428	-	2,622	297	-	-	2,325
Buildings - Specialised	-	25,736	4,316	-	21,420	87	(1,274)	(343)	-	1,869	-	26,115	4,356	-	-	21,759
Other Structures	-	12,140	6,130	-	6,010	129	(47)	(299)	-	1,244	-	11,552	4,515	-	-	7,037
Infrastructure:																
- Roads, Bridges, Footpaths	-	180,312	35,236	-	145,076	1,336	(429)	(1,482)	-	-	-	180,165	35,664	-	-	144,501
- Stormwater Drainage	-	4,769	2,016	-	2,753	-	-	(66)	278	-	-	5,047	2,082	-	-	2,965
- Water Supply Network	-	22,084	11,567	-	10,517	26	(46)	(322)	-	-	-	21,970	11,795	-	-	10,175
- Sewerage Network	-	15,262	7,759	-	7,503	677	(243)	(175)	-	-	-	14,611	6,849	-	-	7,762
- Levee Bank	-	13,252	2,843	-	10,409	-	-	(144)	-	-	-	13,252	2,987	-	-	10,265
Other Assets:																
- Library Books	-	143	52	-	91	22	(17)	(11)	-	-	-	112	27	-	-	85
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	287,558	76,328	-	211,230	3,468	(2,346)	(3,673)	-	4,008	66	286,078	73,457	-	-	212,687

Additions to Depreciable Land Improvements, Buildings & Infrastructure Assets are made up of Asset Renewals (\$2,126). 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 2013

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

\$ '000

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	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	-	152	61	91	-	202	124	78
Infrastructure	-	21,970	11,795	10,175	-	22,084	11,567	10,517
Total Water Supply	-	22,122	11,856	10,266	-	22,286	11,691	10,595
Sewerage Services								
Plant & Equipment	-	95	50	45	-	101	41	60
Infrastructure	-	14,611	6,849	7,762	-	15,262	7,759	7,503
Total Sewerage Services	-	14,706	6,899	7,807	-	15,363	7,800	7,563
TOTAL RESTRICTED I,PP&E	-	36,828	18,755	18,073	-	37,649	19,491	18,158

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 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,037	-	1,230	-
Goods & Services - capital expenditure		473	-	308	-
Payments Received In Advance		110	-	99	-
Accrued Expenses:					
- Borrowings		26	-	29	-
- Salaries & Wages		113	-	107	-
Security Bonds, Deposits & Retentions		25	-	23	-
Total Payables		1,784	-	1,796	-
Borrowings					
Loans - Secured ¹		687	3,414	604	3,380
Total Borrowings		687	3,414	604	3,380
Provisions					
Employee Benefits;					
Annual Leave		674	-	748	-
Sick Leave		306	-	388	-
Long Service Leave		1,363	71	1,394	129
Gratuities		10	-	14	-
Other Leave		45	-	60	-
Total Provisions		2,398	71	2,604	129
Total Payables, Borrowings & Provisions		4,869	3,485	5,004	3,509
 (i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		62	535	60	561
Sewer		2	92	2	94
Liabilities relating to externally restricted assets		64	627	62	655
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		64	627	62	655
Total Liabilities relating to Unrestricted Assets		4,805	2,858	4,942	2,854
TOTAL PAYABLES, BORROWINGS & PROVISIONS		4,869	3,485	5,004	3,509

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 2013

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

\$ '000	Actual 2013	Actual 2012
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(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	1,500	1,332
	<u>1,500</u>	<u>1,332</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013			Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	748	489	(563)	-	-	674
Sick Leave	388	142	(224)	-	-	306
Long Service Leave	1,523	260	(349)	-	-	1,434
Gratuities	14	53	(57)	-	-	10
Other Leave	60	-	(15)	-	-	45
TOTAL	2,733	944	(1,208)	-	-	2,469

- 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 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	10,891	9,657
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		10,891	9,657
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(2,620)	(1,274)
Adjust for non cash items:			
Depreciation & Amortisation		3,673	5,720
Net Losses/(Gains) on Disposal of Assets		1,951	10
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		1,580	(33)
Increase/(Decrease) in Provision for Doubtful Debts		(78)	251
Decrease/(Increase) in Inventories		(6)	9
Decrease/(Increase) in Other Assets		(34)	(13)
Increase/(Decrease) in Payables		(193)	(58)
Increase/(Decrease) in accrued Interest Payable		(3)	(8)
Increase/(Decrease) in other accrued Expenses Payable		6	21
Increase/(Decrease) in Other Liabilities		13	(45)
Increase/(Decrease) in Employee Leave Entitlements		(264)	245
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		4,025	4,825

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(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		2	5
Total Financing Arrangements Utilised		2	5

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.

(e) Net Cash Flows Attributable to Discontinued Operations

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(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:			
Unrestricted General Funds		-	500
Total Sources of Funding		-	500

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>7,577</u>	2.29 : 1	2.19	1.86
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>3,305</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>868</u>	5.64%	5.89%	6.31%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>15,395</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>3,348</u>	17.44%	15.87%	15.20%
Income from Continuing Operations	<u>19,200</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>443</u>	11.90%	8.20%	10.16%
Rates, Annual & Extra Charges Collectible	<u>3,723</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>2,126</u>	87.24%	52.42%	53.45%
Depreciation, Amortisation & Impairment	<u>2,437</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 2013

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>1.59</td> </tr> <tr> <td>2011</td> <td>1.86</td> </tr> <tr> <td>2012</td> <td>2.19</td> </tr> <tr> <td>2013</td> <td>2.29</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	1.59	2011	1.86	2012	2.19	2013	2.29	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>2012/13 Ratio 2.29 : 1</p>
Year	Ratio : 1											
2010	1.59											
2011	1.86											
2012	2.19											
2013	2.29											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>7.15%</td> </tr> <tr> <td>2011</td> <td>6.31%</td> </tr> <tr> <td>2012</td> <td>5.89%</td> </tr> <tr> <td>2013</td> <td>5.64%</td> </tr> </tbody> </table>	Year	Ratio %	2010	7.15%	2011	6.31%	2012	5.89%	2013	5.64%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>2012/13 Ratio 5.64%</p>
Year	Ratio %											
2010	7.15%											
2011	6.31%											
2012	5.89%											
2013	5.64%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>16.84%</td> </tr> <tr> <td>2011</td> <td>15.20%</td> </tr> <tr> <td>2012</td> <td>15.87%</td> </tr> <tr> <td>2013</td> <td>17.44%</td> </tr> </tbody> </table>	Year	Ratio %	2010	16.84%	2011	15.20%	2012	15.87%	2013	17.44%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>2012/13 Ratio 17.44%</p>
Year	Ratio %											
2010	16.84%											
2011	15.20%											
2012	15.87%											
2013	17.44%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>16.10%</td> </tr> <tr> <td>2011</td> <td>10.16%</td> </tr> <tr> <td>2012</td> <td>8.20%</td> </tr> <tr> <td>2013</td> <td>11.90%</td> </tr> </tbody> </table>	Year	Ratio %	2010	16.10%	2011	10.16%	2012	8.20%	2013	11.90%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>2012/13 Ratio 11.90%</p>
Year	Ratio %											
2010	16.10%											
2011	10.16%											
2012	8.20%											
2013	11.90%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>73.01%</td> </tr> <tr> <td>2011</td> <td>53.45%</td> </tr> <tr> <td>2012</td> <td>52.42%</td> </tr> <tr> <td>2013</td> <td>87.24%</td> </tr> </tbody> </table>	Year	Ratio %	2010	73.01%	2011	53.45%	2012	52.42%	2013	87.24%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>2012/13 Ratio 87.24%</p>
Year	Ratio %											
2010	73.01%											
2011	53.45%											
2012	52.42%											
2013	87.24%											

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
Local Government Industry Indicators - by Fund			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	43.44 : 1	948.50 : 1	2.29 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	39.98 : 1	1144.00 : 1	2.19 : 1
2. Debt Service Ratio			
Debt Service Cost	3.54%	1.09%	6.22%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	3.71%	1.40%	6.45%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	48.70%	87.52%	10.54%
Income from Continuing Operations			
prior period:	38.38%	82.93%	10.26%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	18.18%	18.01%	7.21%
Rates, Annual & Extra Charges Collectible			
prior period:	25.31%	14.13%	0.52%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	0.00%	0.00%	109.59%
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	65.84%

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 2013

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	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	10,891	9,657	10,891	9,657
Receivables	1,708	3,210	1,708	3,210
Total Financial Assets	12,599	12,867	12,599	12,867
Financial Liabilities				
Payables	1,674	1,697	1,674	1,697
Loans / Advances	4,101	3,984	4,101	3,984
Total Financial Liabilities	5,775	5,681	5,775	5,681

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 2013

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The 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
2013				
Possible impact of a 1% movement in Interest Rates	72	72	(72)	(72)
2012				
Possible impact of a 1% movement in Interest Rates	70	70	(70)	(70)

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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:

	2013	2013	2012	2012
	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	-	735	-	2,723
Past due between 31 and 180 days	230	320	132	186
Past due between 181 and 365 days	195	164	145	29
Past due by more than 1 year	151	115	65	210
	576	1,334	342	3,148
(ii) Movement in Provision for Impairment of Receivables			2013	2012
Balance at the beginning of the year			280	29
+ new provisions recognised during the year			43	416
- amounts already provided for & written off this year			(121)	(165)
Balance at the end of the year			202	280

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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		
2013									
Trade/Other Payables	25	1,649	-	-	-	-	-	1,674	1,674
Loans & Advances	-	896	896	782	600	399	1,849	5,422	4,101
Total Financial Liabilities	25	2,545	896	782	600	399	1,849	7,096	5,775
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

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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,674	0.0%	1,697	0.0%
Loans & Advances - Fixed Interest Rate	4,101	7.3%	3,984	7.1%
	<u>5,775</u>		<u>5,681</u>	

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 18 June 2012.

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	2013 Budget	2013 Actual	2013 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	3,574	3,348	(226)	(6%)	U
User Charges & Fees	5,798	6,759	961	17%	F
Increase is represented by additional private works carried out and additional RMS charges (work on State Roads not controlled by Council).					
Interest & Investment Revenue	300	450	150	50%	F
A conservative approach was taken when setting the budget. Council was able to maintain reasonable investments for the period.					
Other Revenues	775	1,009	234	30%	F
Increase in Rural Fire Service income due to fire season.					
Operating Grants & Contributions	7,535	6,655	(880)	(12%)	U
The actual amount of grants received depends on decisions made by the State and Federal Government after the original budget is adopted.					
Capital Grants & Contributions	1,764	979	(785)	(45%)	U
The actual amount of grants received depends on decisions made by the State and Federal Government after the original budget is adopted.					

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	6,160	6,870	(710)	(12%)	U
Contributed to increase in staff training and increased salaries.					
Borrowing Costs	275	269	6	2%	F
Materials & Contracts	9,140	7,291	1,849	20%	F
Increase in works carried out on State Highways.					
Depreciation & Amortisation	3,706	3,673	33	1%	F
Other Expenses	715	1,766	(1,051)	(147%)	U
Increase in cost of electricity and insurances.					
Net Losses from Disposal of Assets	-	1,951	(1,951)	0%	U
Preschool building burnt in fire.					
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	3,455	4,025	570	16.5%	F
Due to prepayment of FAGS Grant					
Cash Flows from Investing Activities	(4,182)	(2,908)	1,274	(30.5%)	F
Not all Infrastructure Renewals were carried out due to limited funding available.					
Cash Flows from Financing Activities	708	117	(591)	(83.5%)	U
Council did not take up all borrowing after the original budget was adopted.					

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions

\$ '000

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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 Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

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

(iii) StateCover Limited

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

(iii) StateCover Limited (continued)

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

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

(iv) Other Guarantees

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

2. Other Liabilities

(i) Third Party Claims

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

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

(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 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		124,437	101,413
a. Correction of Prior Period Errors	20 (c)	-	24,298
b. Net Operating Result for the Year		<u>(2,620)</u>	<u>(1,274)</u>
Balance at End of the Reporting Period		<u>121,817</u>	<u>124,437</u>
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		<u>95,347</u>	<u>91,339</u>
Total		<u>95,347</u>	<u>91,339</u>
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		91,339	85,158
- Revaluations for the year	9(a)	<u>4,008</u>	<u>6,181</u>
- Balance at End of Year		<u>95,347</u>	<u>91,339</u>
TOTAL VALUE OF RESERVES		<u>95,347</u>	<u>91,339</u>

(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 2013

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

\$ '000	Actual 2013	Actual 2012
---------	----------------	----------------

(c) Correction of Error/s relating to a Previous Reporting Period

Correction of errors disclosed in this year's financial statements:

Adjustments in the 2011/12 Reporting Period.

In the 2013 year Council brought into alignment two asset management systems.

This reassessment resulted in a material difference as to where some assets actually sat, in respect to their asset life cycle, relative to what the value of the accumulated depreciation in Council's Financial Reports had previously indicated.

Council recognised this process had affected accumulated depreciation and asset values recorded in previous reporting periods.

As a result, Council adjusted the fair value and accumulated depreciation for the Asset Classes below, as at 30/6/2012 to reflect the correct value of the accumulated depreciation:

Land – Operational increase/(decrease) to fair value	4
Land – Community increase/(decrease) to fair value	(46)
Buildings – Specialised (increase)/decrease to accumulated depreciation	(2,998)
Buildings – Specialised increase/(decrease) to at fair value	14,603
Buildings – Non Specialised increase/(decrease) to at fair value	(14,908)
Buildings – Non Specialised (increase)/decrease to accumulated depreciation	2,809
Other Structures (increase)/decrease to fair value	256
Other Structures (increase)/decrease to accumulated depreciation	(287)
Roads, Bridges & Footpaths (increase)/decrease to fair value	(121)
Roads, Bridges & Footpaths (increase)/decrease to accumulated depreciation	22,940
Stormwater Drainage (increase)/decrease to fair value	(278)
Stormwater Drainage (increase)/decrease to accumulated depreciation	123
Water Supply Network (increase)/decrease to fair value	2,885
Water Supply Network (increase)/decrease to accumulated depreciation	(767)
Sewerage Network (increase)/decrease to fair value	1,262
Sewerage Network (increase)/decrease to accumulated depreciation	(3,059)
Levee bank (increase)/decrease to fair value	(426)
Levee bank (increase)/decrease to accumulated depreciation	1,670

These changes were as a result of previous accelerated depreciation being recorded over a long period of time, this has now been adjusted for. The above changes also reflect errors made in recorded value of assets and bringing to account assets that had previously not appeared on the asset register. Assets within Buildings categories Specialised and Non Specialised have also been more correctly align with asset type.

This adjustment resulted in a net increase in Council's Accumulated Surplus as at 30/6/2012.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
---------	----------------	----------------

(c) Correction of Error/s relating to a Previous Reporting Period (continued)

As part of the Council's revaluation of Land, Council has brought to account assets, not previously recognised in past periods.

As a result, Council adjusted the Fair Values for the Asset Classes below, as at 30/6/2012 to reflect the correct Fair Values:

Land – Operational increase/(decrease) to fair value	138
Land – Community increase/(decrease) to fair value	498

This adjustment resulted in a net increase in Council's Accumulated Surplus as at 30/6/2012.

The revaluation also revealed that some assets were disclosed in incorrect asset classes.

As part of the Council's revaluation of Land, Council has brought to account the movement of assets between Land Classes, not previously recognised in past periods.

As a result, Council adjusted the Fair Values for the Asset Classes below, as at 30/6/2012 to reflect the correct Fair Values:

Land – Operational increase/(decrease) to fair value	(17)
Land – Community increase/(decrease) to fair value	17

This adjustment had no impact on Council's Accumulated Surplus as at 30/06/2012

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 - 1/7/11 (relating to adjustments for the 30/6/11 reporting year end and prior periods)	-	-
- Adjustments to Closing Equity - 30/6/12 (relating to adjustments for the 30/6/12 year end)	-	24,298
Total Prior Period Adjustments - Prior Period Errors	-	24,298

(d) Voluntary Changes in Accounting Policies

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<u>Continuing Operations</u>	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	880	722	1,746
User Charges & Fees	694	2	6,063
Interest & Investment Revenue	112	96	242
Other Revenues	115	-	894
Grants & Contributions provided for Operating Purposes	6	5	6,644
Other Income			
Net Gains from Disposal of Assets	-	-	-
Total Income from Continuing Operations	1,807	825	16,568
Expenses from Continuing Operations			
Employee Benefits & on-costs	266	171	6,433
Borrowing Costs	40	9	220
Materials & Contracts	968	322	6,001
Depreciation & Amortisation	362	184	3,127
Other Expenses	159	37	1,570
Total Expenses from Continuing Operations	1,841	966	19,013
Operating Result from Continuing Operations	(34)	(141)	(2,445)
<u>Discontinued Operations</u>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(34)	(141)	(2,445)
Net Operating Result attributable to each Council Fund	(34)	(141)	(2,445)
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(34)	(141)	(3,424)

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 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,368	1,841	6,682
Investments	-	-	-
Receivables	325	130	1,124
Inventories	-	-	46
Other	-	-	186
Total Current Assets	2,693	1,971	8,038
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	129
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	10,699	7,814	194,174
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	10,699	7,814	194,303
TOTAL ASSETS	13,392	9,785	202,341
LIABILITIES			
Current Liabilities			
Payables	36	-	1,748
Borrowings	26	2	659
Provisions	-	-	2,398
Total Current Liabilities	62	2	4,805
Non-Current Liabilities			
Payables	-	-	-
Borrowings	535	92	2,787
Provisions	-	-	71
Total Non-Current Liabilities	535	92	2,858
TOTAL LIABILITIES	597	94	7,663
Net Assets	12,795	9,691	194,678
EQUITY			
Retained Earnings	6,866	4,300	110,651
Revaluation Reserves	5,929	5,391	84,027
Council Equity Interest	12,795	9,691	194,678
Non-controlling Interests	-	-	-
Total Equity	12,795	9,691	194,678

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 2013

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

\$ '000

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

Note 23. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 14/11/13.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

Note 24. Discontinued Operations

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 25. Intangible Assets

\$ '000

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 27. Financial Review

\$ '000

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

Financial Performance Figures	2013	2012	2011	2010	2009
Inflows:					
Rates & Annual Charges Revenue	3,348	3,285	3,205	3,062	2,925
User Charges Revenue	6,759	5,944	6,707	5,522	4,100
Interest & Investment Revenue (Losses)	450	455	346	270	404
Grants Income - Operating & Capital	5,632	8,045	8,071	6,311	8,029
Total Income from Continuing Operations	19,200	20,694	21,085	18,180	18,423
Sale Proceeds from I,PP&E	395	345	375	564	670
New Loan Borrowings & Advances	716	855	731	750	240
Outflows:					
Employee Benefits & On-cost Expenses	6,870	7,049	6,145	6,269	6,046
Borrowing Costs	269	256	247	234	265
Materials & Contracts Expenses	7,291	7,490	8,243	6,227	6,382
Total Expenses from Continuing Operations	21,820	21,968	21,327	17,630	17,594
Total Cash purchases of I,PP&E	3,303	3,027	3,539	4,412	5,321
Total Loan Repayments (incl. Finance Leases)	599	663	696	710	657
Operating Surplus/(Deficit) (excl. Capital Income)	(3,599)	(2,342)	(1,899)	(1,046)	(310)
Financial Position Figures	2013	2012	2011	2010	2009
Current Assets	12,702	12,929	10,876	7,837	7,698
Current Liabilities	4,869	5,004	4,892	3,917	4,807
Net Current Assets	7,833	7,925	5,984	3,920	2,891
Available Working Capital (Unrestricted Net Current Assets)	5,238	5,562	3,877	2,313	1,941
Cash & Investments - Unrestricted	5,602	4,360	2,420	2,409	1,467
Cash & Investments - Internal Restrictions	619	617	668	616	633
Cash & Investments - Total	10,891	9,657	7,322	6,284	4,758
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	4,101	3,984	3,792	3,757	3,717
Total Value of I,PP&E (excl. Land & Earthworks)	284,291	286,137	284,140	271,874	178,602
Total Accumulated Depreciation	73,457	76,328	101,223	92,195	60,882
Indicative Remaining Useful Life (as a % of GBV)	74%	73%	64%	66%	66%

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

Officers

GENERAL MANAGER

Ross Earl

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

Stuart Johnson

Jack Bennett

Other Information

ABN: 96 716 194 950

BOURKE SHIRE COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements of Bourke Shire Council*, which comprises the Statement of Financial Position as at 30 June 2013, 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 projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

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Practising as Hill Rogers Spencer
Steer Assurance Partners

ABN 56 435 338 966

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

HILL ROGERS SPENCER STEER



Gary Mottau
Partner

Dated at Sydney this 18th day of November 2013

18 November 2013

The Mayor
Bourke Shire Council
PO Box 21
BOURKE NSW 2840

Mayor,

Audit Report - Year Ended 30 June 2013

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2013 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

I.1 Operating Result

The operating result for the year was a deficit of \$2.62 million and compares with \$1.274 million in the previous year.

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

	2013 \$'000	% of Total	2012 \$'000	% of Total	Increase (Decrease) \$'000
Revenues before capital items					
Rates & annual charges	3,348	18.4%	3,285	17%	63
User charges, fees & other revenues	7,768	42.6%	6,959	35%	809
Grants & contributions provided for operating purposes	6,655	36.5%	8,927	45%	(2,272)
Interest & investment revenue	450	2.5%	455	2%	(5)
	18,221	100%	19,626	100%	(1,405)
Expenses					
Employee benefits & costs	6,870	31%	7,049	32%	(179)
Materials, contracts & other expenses	11,008	50%	8,943	41%	2,065
Depreciation, amortisation & impairment	3,673	17%	5,720	26%	(2,047)
Borrowing costs	269	1%	256	1%	13
	21,820	100%	21,968	100%	(148)
Surplus/(Deficit) before capital items	(3,599)		(2,342)		(1,257)
Grants & contributions provided for capital purposes	979		1,068		(89)
Net Surplus/(Deficit) for the year	(2,620)		(1,274)		(1,346)

The table above shows an overall decrease over the previous year of \$1.346 million and can largely be attributed to a reduction in financial assistance, flood restoration and transport grants.

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.

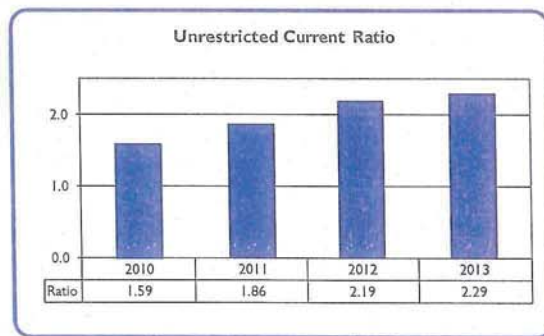
	2013	2012
Funds were provided by:-	\$000	\$000
Operating Result (as above)	(2,620)	(1,274)
Add back non funding items:-		
- Depreciation, amortisation & impairment	3,673	5,720
- Book value of non-current assets sold	2,346	355
	3,399	4,801
New loan borrowings	716	855
Transfers from internal reserves (net)	0	51
Net Changes in current/non-current assets & liabilities	0	128
	4,115	5,835
Funds were applied to:-		
Purchase and construction of assets	(3,468)	(3,084)
Principal repaid on loans	(599)	(663)
Transfers to externally restricted assets (net)	(107)	(454)
Transfers to internal reserves (net)	(2)	0
Net Changes in current/non-current assets & liabilities	(261)	0
	(4,437)	(4,201)
Increase/(Decrease) in Available Working Capital	(322)	1,634

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 \$4.272 million representing a factor of 2.29 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 \$5.263 million as detailed below;

	2013	2012	Change
	\$'000	\$'000	\$'000
Net Current Assets (Working Capital) as per Accounts	7,833	7,925	(92)
Add: Payables & provisions not expected to be realised in the next 12 months included above	1,500	1,332	168
Adjusted Net Current Assets	9,333	9,257	76
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	687	604	83
- Employees leave entitlements	898	1,272	(374)
- Deposits & retention moneys	25	23	2
Less: Externally restricted assets	(5,061)	(4,954)	(107)
Less: Internally restricted assets	(619)	(617)	(2)
Available Working Capital as at 30 June	5,263	5,585	(322)

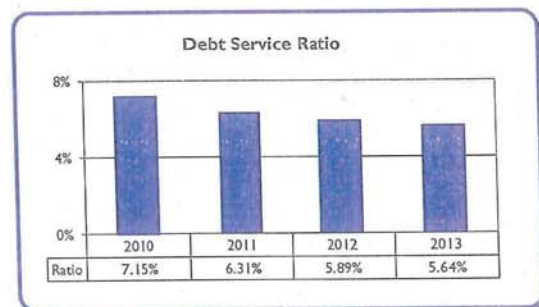
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors and inventories and to provide a buffer against unforeseen and unbudgeted expenditures.

The Available Working Capital balance as at 30 June 2013 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 5.64%.

Total loans outstanding after repaying principal & interest of \$868,000 was \$4.101 million.



2.4 Summary

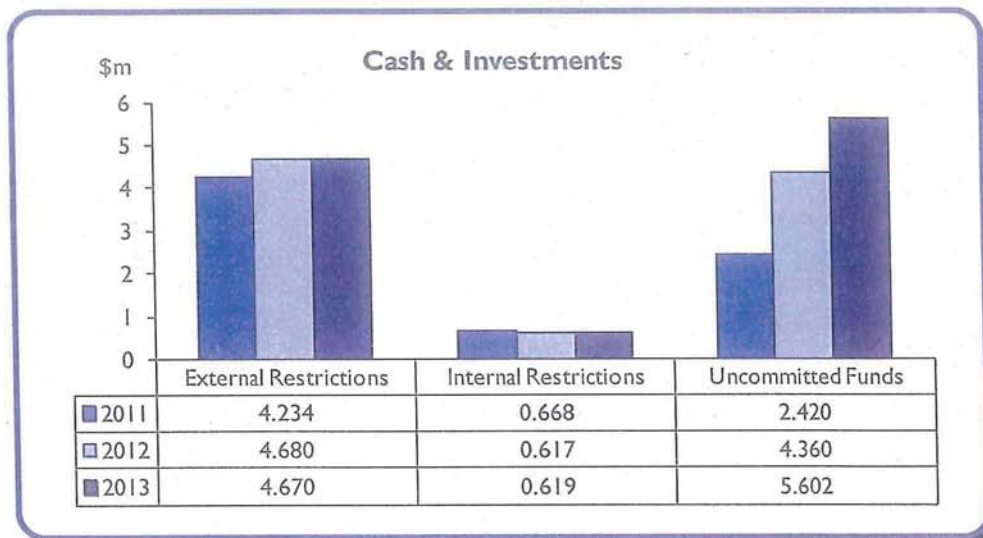
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, satisfactory.

3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$10.891 million as compared with \$9.657 million and \$7.322 million at the close of financial years 2012 and 2011 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 and contributions (\$535,000) and water and sewerage funds (\$4.135 million).

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 (\$25,000).

Unrestricted cash and investments amounted to \$5.602 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 \$1.234 million to \$10.891 million at the close of the year.

In addition to operating activities which contributed net cash of \$4.025 million were the proceeds from the sale of assets (\$395,000) and new loans (\$716,000). Cash outflows other than operating activities were used to repay loans (\$599,000) and to purchase and construct assets (\$3.303 million).

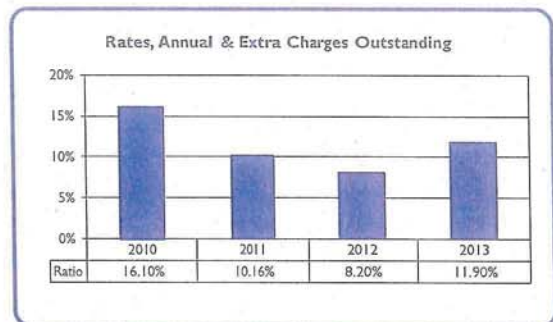
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$3.348 million and represented 17.44% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$3.615 million of which \$3.227 million (89.27%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$443,000 at the end of the year and represented 11.9% of those receivables.



4.3 Other Receivables

Receivables (other than rates annual & extra charges) totalled \$1.334 million and consisted mainly of user charges and fees (\$1.021 million) and debts owed by government departments (\$237,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$69,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$2.469 million.

A cash reserve of \$594,000 was held at year end representing 24.06% of this liability.

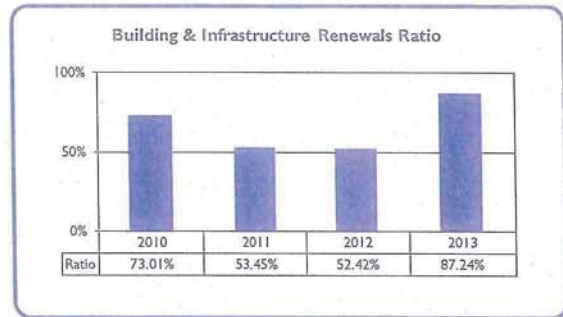
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$25,000 and were fully funded by cash and investments held in reserves.

6. BUILDINGS AND INFRASTRUCTURE RENEWALS

The Buildings and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

The ratio indicates that asset renewals for 2013 represented 87.24% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. MANAGEMENT LETTER

A letter was issued to management on 24 May 2013 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. This letter also included our suggestions and management's responses to possible ways to strengthen and/or improve procedures.

8. CONCLUSION

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

Yours faithfully,

HILL ROGERS SPENCER STEER

GARY MOTTAU
Partner

Bourke Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

*"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 2013

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	5
Statement of Financial Position - Sewerage Business Activity	6
Statement of Financial Position - Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	7
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 2013

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:

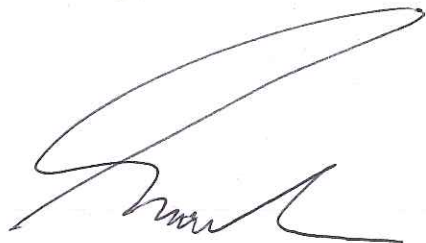
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

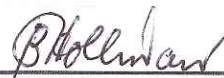
Signed in accordance with a resolution of Council made on 26 August 2013.



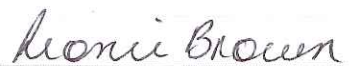
Andrew Lewis
MAYOR



Ross Earl
GENERAL MANAGER



Barry Hollman
COUNCILLOR



Leonie Brown
RESPONSIBLE ACCOUNTING OFFICER

Bourke Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	880	806
User charges	686	598
Fees	8	15
Interest	112	121
Grants and contributions provided for non capital purposes	6	101
Profit from the sale of assets	-	-
Other income	115	207
Total income from continuing operations	1,807	1,848
Expenses from continuing operations		
Employee benefits and on-costs	266	202
Borrowing costs	40	42
Materials and contracts	968	1,033
Depreciation and impairment	362	545
Water purchase charges	-	-
Loss on sale of assets	46	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	159	238
Total expenses from continuing operations	1,841	2,060
Surplus (deficit) from Continuing Operations before capital amounts	(34)	(212)
Grants and contributions provided for capital purposes	-	252
Surplus (deficit) from Continuing Operations after capital amounts	(34)	40
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(34)	40
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(34)	40
plus Opening Retained Profits	4,327	4,287
plus/less: Prior Period Adjustments	2,573	-
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	6,866	4,327
Return on Capital %	0.1%	-2.0%
Subsidy from Council	397	427
Calculation of dividend payable:		
Surplus (deficit) after tax	(34)	40
less: Capital grants and contributions (excluding developer contributions)	-	(252)
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 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	722	651
User charges	2	7
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	96	122
Grants and contributions provided for non capital purposes	5	5
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	825	785
Expenses from continuing operations		
Employee benefits and on-costs	171	152
Borrowing costs	9	9
Materials and contracts	322	289
Depreciation and impairment	184	195
Loss on sale of assets	243	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	37	36
Total expenses from continuing operations	966	681
Surplus (deficit) from Continuing Operations before capital amounts	(141)	104
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(141)	104
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(141)	104
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(31)
SURPLUS (DEFICIT) AFTER TAX	(141)	73
plus Opening Retained Profits	6,278	6,174
plus/less: Prior Period Adjustments	(1,837)	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	31
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	4,300	6,278
Return on Capital %	-1.7%	1.2%
Subsidy from Council	427	171
Calculation of dividend payable:		
Surplus (deficit) after tax	(141)	73
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	-	73
Potential Dividend calculated from surplus	-	36

Bourke Shire Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	2,368	2,155
Investments	-	-
Receivables	325	244
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	2,693	2,399
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,699	8,478
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	10,699	8,478
TOTAL ASSETS	13,392	10,877
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	36	36
Interest bearing liabilities	26	24
Provisions	-	-
Total Current Liabilities	62	60
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	535	561
Provisions	-	-
Total Non-Current Liabilities	535	561
TOTAL LIABILITIES	597	621
NET ASSETS	12,795	10,256
EQUITY		
Retained earnings	6,866	4,327
Revaluation reserves	5,929	5,929
Council equity interest	12,795	10,256
Non-controlling interest	-	-
TOTAL EQUITY	12,795	10,256

Bourke Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	1,841	2,313
Investments	-	-
Receivables	130	92
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,971	2,405
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	7,814	9,360
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	7,814	9,360
TOTAL ASSETS	9,785	11,765
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	2	2
Provisions	-	-
Total Current Liabilities	2	2
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	92	94
Provisions	-	-
Total Non-Current Liabilities	92	94
TOTAL LIABILITIES	94	96
NET ASSETS	9,691	11,669
EQUITY		
Retained earnings	4,300	6,278
Revaluation reserves	5,391	5,391
Council equity interest	9,691	11,669
Non-controlling equity interest	-	-
TOTAL EQUITY	9,691	11,669

Bourke Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

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 2013

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 is not a reporting not-for-profit entity.

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

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

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

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

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

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

National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the 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 Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

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 **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

(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 each reported Business Activity.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

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 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 2. Water Supply Business
Best Practice Management disclosure requirements

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

2013

1. Calculation and Payment of Tax-Equivalents

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

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

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	41,490
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(362,000)

2013 Surplus	(34,000)	2012 Surplus	(212,000)	2011 Surplus	(116,000)
		2012 Dividend	-	2011 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]	NO
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,593
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)]	%	47.44%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	10,608
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,213
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	25
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)]	%	0.17%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- 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 2013

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2013

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	3,663
(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 x (\$30 less tax equivalent charges per assessment)	36,630
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(57,700)

2013 Surplus	(141,000)	2012 Surplus	72,800	2011 Surplus	10,500
		2012 Dividend	-	2011 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 4 Criteria

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

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	691
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	7,762
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	361
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	552
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)]	%	1.87%
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	2,005
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.55%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	577
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.89%
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 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

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)]	%	-15.81%
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)		-
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	(175)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	11

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

BOURKE SHIRE COUNCIL
SPECIAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *special purpose financial statements* of **Bourke Shire Council**, which comprises the Statement of Financial Position as at 30 June 2013, 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.

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 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the 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 18th day of November 2013

Bourke Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

*"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 2013

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	5
Statement of Financial Position - Sewerage Business Activity	6
Statement of Financial Position - Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	7
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 2013

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:

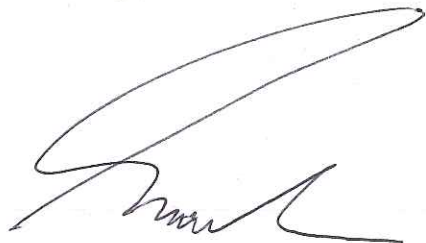
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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 26 August 2013.



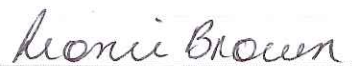
Andrew Lewis
MAYOR



Ross Earl
GENERAL MANAGER



Barry Hollman
COUNCILLOR



Leonie Brown
RESPONSIBLE ACCOUNTING OFFICER

Bourke Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	880	806
User charges	686	598
Fees	8	15
Interest	112	121
Grants and contributions provided for non capital purposes	6	101
Profit from the sale of assets	-	-
Other income	115	207
Total income from continuing operations	1,807	1,848
Expenses from continuing operations		
Employee benefits and on-costs	266	202
Borrowing costs	40	42
Materials and contracts	968	1,033
Depreciation and impairment	362	545
Water purchase charges	-	-
Loss on sale of assets	46	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	159	238
Total expenses from continuing operations	1,841	2,060
Surplus (deficit) from Continuing Operations before capital amounts	(34)	(212)
Grants and contributions provided for capital purposes	-	252
Surplus (deficit) from Continuing Operations after capital amounts	(34)	40
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(34)	40
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(34)	40
plus Opening Retained Profits	4,327	4,287
plus/less: Prior Period Adjustments	2,573	-
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	6,866	4,327
Return on Capital %	0.1%	-2.0%
Subsidy from Council	397	427
Calculation of dividend payable:		
Surplus (deficit) after tax	(34)	40
less: Capital grants and contributions (excluding developer contributions)	-	(252)
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 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	722	651
User charges	2	7
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	96	122
Grants and contributions provided for non capital purposes	5	5
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	825	785
Expenses from continuing operations		
Employee benefits and on-costs	171	152
Borrowing costs	9	9
Materials and contracts	322	289
Depreciation and impairment	184	195
Loss on sale of assets	243	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	37	36
Total expenses from continuing operations	966	681
Surplus (deficit) from Continuing Operations before capital amounts	(141)	104
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(141)	104
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(141)	104
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(31)
SURPLUS (DEFICIT) AFTER TAX	(141)	73
plus Opening Retained Profits	6,278	6,174
plus/less: Prior Period Adjustments	(1,837)	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	31
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	4,300	6,278
Return on Capital %	-1.7%	1.2%
Subsidy from Council	427	171
Calculation of dividend payable:		
Surplus (deficit) after tax	(141)	73
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	-	73
Potential Dividend calculated from surplus	-	36

Bourke Shire Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	2,368	2,155
Investments	-	-
Receivables	325	244
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	2,693	2,399
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,699	8,478
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	10,699	8,478
TOTAL ASSETS	13,392	10,877
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	36	36
Interest bearing liabilities	26	24
Provisions	-	-
Total Current Liabilities	62	60
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	535	561
Provisions	-	-
Total Non-Current Liabilities	535	561
TOTAL LIABILITIES	597	621
NET ASSETS	12,795	10,256
EQUITY		
Retained earnings	6,866	4,327
Revaluation reserves	5,929	5,929
Council equity interest	12,795	10,256
Non-controlling interest	-	-
TOTAL EQUITY	12,795	10,256

Bourke Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	1,841	2,313
Investments	-	-
Receivables	130	92
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,971	2,405
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	7,814	9,360
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	7,814	9,360
TOTAL ASSETS	9,785	11,765
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	2	2
Provisions	-	-
Total Current Liabilities	2	2
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	92	94
Provisions	-	-
Total Non-Current Liabilities	92	94
TOTAL LIABILITIES	94	96
NET ASSETS	9,691	11,669
EQUITY		
Retained earnings	4,300	6,278
Revaluation reserves	5,391	5,391
Council equity interest	9,691	11,669
Non-controlling equity interest	-	-
TOTAL EQUITY	9,691	11,669

Bourke Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

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 2013

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 is not a reporting not-for-profit entity.

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

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

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

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

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

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

National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the 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 Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

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 **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

(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 each reported Business Activity.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

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 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2013

1. Calculation and Payment of Tax-Equivalents

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

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

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	41,490
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(362,000)

2013 Surplus	(34,000)	2012 Surplus	(212,000)	2011 Surplus	(116,000)
		2012 Dividend	-	2011 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]	NO
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,593
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)]	%	47.44%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	10,608
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,213
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	25
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)]	%	0.17%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- 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 2013

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2013

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	3,663
(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 x (\$30 less tax equivalent charges per assessment)	36,630
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(57,700)

2013 Surplus	(141,000)	2012 Surplus	72,800	2011 Surplus	10,500
		2012 Dividend	-	2011 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 4 Criteria

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

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	691
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	7,762
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	361
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	552
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)]	%	1.87%
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	2,005
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.55%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	577
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.89%
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 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2013

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)]	%	-15.81%
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)		- 12 - 159
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	(175)
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 Statement of Financial Position as at 30 June 2013, 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.

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 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the 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 18th day of November 2013

Bourke Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2013

*"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 2013

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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 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	224	-	-	(224)
Administration	3,550	1,028	-	(2,522)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	592	296	-	(296)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	85	5	-	(80)
Other	19	-	-	(19)
Total Public Order & Safety	696	301	-	(395)
Health	487	41	-	(446)
Environment				
Noxious Plants and Insect/Vermin Control	125	57	-	(68)
Other Environmental Protection	160	5	-	(155)
Solid Waste Management	574	438	-	(136)
Street Cleaning	-	-	-	-
Drainage	95	139	-	44
Stormwater Management	-	-	-	-
Total Environment	954	639	-	(315)
Community Services and Education				
Administration & Education	16	1	-	(15)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	8	1	-	(7)
Children's Services	-	-	-	-
Total Community Services & Education	24	2	-	(22)
Housing and Community Amenities				
Public Cemeteries	166	24	-	(142)
Public Conveniences	-	-	-	-
Street Lighting	135	21	-	(114)
Town Planning	32	16	-	(16)
Other Community Amenities	340	74	-	(266)
Total Housing and Community Amenities	673	135	-	(538)
Water Supplies	1,701	1,686	-	(15)
Sewerage Services	913	779	-	(134)

Bourke Shire Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	289	19	10	(260)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	59	-	-	(59)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	26	4	-	(22)
Sporting Grounds and Venues	452	5	-	(447)
Swimming Pools	176	-	-	(176)
Parks & Gardens (Lakes)	318	-	-	(318)
Other Sport and Recreation	46	132	149	235
Total Recreation and Culture	1,366	160	159	(1,047)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	16	-	16
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	16	-	16
Transport and Communication				
Urban Roads (UR) - Local	7,254	2,876	-	(4,378)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	907	-	-	(907)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	216	-	300	84
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	104	-	-	(104)
Aerodromes	280	4	-	(276)
Other Transport & Communication	1,259	4,730	520	3,991
Total Transport and Communication	10,020	7,610	820	(1,590)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,212	342	-	(870)
Total Economic Affairs	1,212	342	-	(870)
Totals – Functions	21,820	12,739	979	(8,102)
General Purpose Revenues⁽²⁾		5,482		5,482
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	21,820	18,221	979	(2,620)

(1) As reported in the Income Statement

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

Bourke Shire Council

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

for the financial year ended 30 June 2013

\$'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	604	3,380	3,984	716	599	-	-	269	687	3,414	4,101
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	604	3,380	3,984	716	599	-	-	269	687	3,414	4,101
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	604	3,380	3,984	716	599	-	-	269	687	3,414	4,101

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 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	165	146
b. Engineering and Supervision	130	202
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	38	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	138	153
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	1	2
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	10	1
i. Maintenance expenses	30	24
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	477	689
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	224	148
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	334	518
b. Plant and equipment	28	28
4. Miscellaneous expenses		
a. Interest expenses	40	42
b. Revaluation Decrements	-	-
c. Other expenses	-	107
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	88	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,703	2,060

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges		
a. Access (including rates)	769	805
b. Usage charges	694	613
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	-	-
9. Interest income	112	121
10. Other income	124	207
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	348
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	1,705	2,100
14. Gain (or loss) on disposal of assets	(36)	-
15. Operating Result	(34)	40
15a. Operating Result (less grants for acquisition of assets)	(34)	(308)

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	113
b. New Assets for Growth	-	-
c. Renewals	25	2
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	24	23
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	49	138
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)	1,029	1,173
b. Residential (unoccupied, ie. vacant lot)	113	-
c. Non-residential (occupied)	160	133
d. Non-residential (unoccupied, ie. vacant lot)	81	118
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 10,742	\$ 10,349

Bourke Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2013

\$'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 2012/13 (page 47 of Guidelines)			<input type="text" value="-"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

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

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

Bourke Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2013

\$'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	2,368	-	2,368
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	160	-	160
c. User Charges	-	-	-
d. Other	165	-	165
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	10,608	10,608
b. Plant and equipment	-	91	91
34. Other assets	-	-	-
35. Total assets	2,693	10,699	13,392
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	37	-	37
38. Borrowings			
a. Loans	25	535	560
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	62	535	597
41. NET ASSETS COMMITTED	2,631	10,164	12,795
EQUITY			
42. Accumulated surplus			6,866
43. Asset revaluation reserve			5,929
44. TOTAL EQUITY			12,795
Note to system assets:			
45. Current replacement cost of system assets			22,403
46. Accumulated current cost depreciation of system assets			(11,795)
47. Written down current cost of system assets			10,608

Bourke Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	65	26
b. Engineering and Supervision	74	141
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	15	-
b. Maintenance expenses	17	47
- Pumping Stations		
c. Operation expenses (excluding energy costs)	30	58
d. Energy costs	29	36
e. Maintenance expenses	80	123
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	51	46
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	184	195
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	9	9
b. Revaluation Decrements	-	-
c. Other expenses	43	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	88	-
g. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	685	681

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges (including rates)	580	559
7. Non-residential charges		
a. Access (including rates)	98	99
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	96	122
11. Other income	8	-
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	5	5
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	<u>787</u>	<u>785</u>
15. Gain (or loss) on disposal of assets	(243)	-
16. Operating Result	<u>(141)</u>	<u>104</u>
16a. Operating Result (less grants for acquisition of assets)	(141)	104

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	552	43
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	2
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	552	45
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)	1,052	1,069
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	169	157
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)	\$ 9,146	\$ 9,124

Bourke Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (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 Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	74	-	74
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,767	-	1,767
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	130	-	130
c. User Charges	-	-	-
d. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	7,762	7,762
b. Plant and equipment	-	52	52
35. Other assets	-	-	-
36. Total Assets	<u>1,971</u>	<u>7,814</u>	<u>9,785</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	2	92	94
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	<u>2</u>	<u>92</u>	<u>94</u>
42. NET ASSETS COMMITTED	<u>1,969</u>	<u>7,722</u>	<u>9,691</u>
EQUITY			
42. Accumulated surplus			4,300
44. Asset revaluation reserve			5,391
45. TOTAL EQUITY			<u>9,691</u>
Note to system assets:			
46. Current replacement cost of system assets			14,611
47. Accumulated current cost depreciation of system assets			(6,849)
48. Written down current cost of system assets			<u>7,762</u>

Bourke Shire Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2013

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Bourke Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
(i) OPERATING BUDGET											
Income from continuing operations	19,200	20,695	22,063	25,043	24,370	22,444	23,532	23,850	25,182	23,977	24,431
Expenses from continuing operations	21,820	20,710	21,169	21,614	22,138	22,628	23,136	23,647	24,150	24,673	25,119
Operating Result from Continuing Operations	(2,620)	(15)	894	3,429	2,232	(184)	396	203	1,032	(696)	(688)
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	198	7,552	893	4,335	1,222	1,401	880	860	904	849	824
Replacement/Refurbishment of Existing Assets	3,470	4,243	3,781	2,684	4,183	1,912	2,359	3,069	3,585	944	994
Total Capital Budget	3,668	11,795	4,674	7,019	5,405	3,313	3,239	3,929	4,489	1,793	1,818
Funded by:											
– Loans	716	1,465	903	1,155	1,022	966	790	635	675	590	590
– Asset sales	-	-	-	-	-	-	-	-	-	-	-
– Reserves	1,178	1,711	380	410	552	382	280	280	1,422	431	342
– Grants/Contributions	1,199	8,306	2,977	4,970	3,462	1,450	1,633	2,590	2,015	410	520
– Recurrent revenue	575	313	414	484	369	515	536	424	377	362	366
– Other	-	-	-	-	-	-	-	-	-	-	-
	3,668	11,795	4,674	7,019	5,405	3,313	3,239	3,929	4,489	1,793	1,818

Notes:

(1) From 12/13 Income Statement.

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

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.