

Bourke Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

*"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 2014

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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 dd/mm/yy.
Council has the power to amend and reissue these financial statements.

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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 2014.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

More information...

A review of Council's key financial figures over the past 5 years can be found at Note 28 of the financial statements.

Bourke Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2014

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:

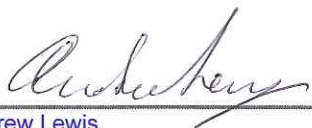
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 22 August 2014.



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 2014

Budget ¹ 2014	\$ '000	Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
Revenue:				
3,684	Rates & Annual Charges	3a	3,439	3,348
6,153	User Charges & Fees	3b	6,827	6,759
315	Interest & Investment Revenue	3c	435	450
1,128	Other Revenues	3d	1,062	1,009
5,708	Grants & Contributions provided for Operating Purposes	3e,f	5,729 ²	6,655
8,306	Grants & Contributions provided for Capital Purposes	3e,f	754	979
25,294	Total Income from Continuing Operations		18,246	19,200
Expenses from Continuing Operations				
5,309	Employee Benefits & On-Costs	4a	6,411	6,870
287	Borrowing Costs	4b	264	269
9,155	Materials & Contracts	4c	6,566	7,291
3,984	Depreciation & Amortisation	4d	4,458	3,673
676	Other Expenses	4e	1,539	1,766
-	Net Losses from the Disposal of Assets	5	328	1,951
19,411	Total Expenses from Continuing Operations		19,566	21,820
5,883	Operating Result from Continuing Operations		(1,320)	(2,620)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
5,883	Net Operating Result for the Year		(1,320)	(2,620)
5,883	Net Operating Result attributable to Council		(1,320)	(2,620)
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,423)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,074)	(3,599)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Bourke Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		(1,320)	(2,620)
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	491	4,008
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		491	4,008
Total Comprehensive Income for the Year		(829)	1,388
Total Comprehensive Income attributable to Council		(829)	1,388
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Bourke Shire Council

Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013	Actual 2012
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	5,809	6,329	9,657
Investments	6b	4,443	4,562	-
Receivables	7	1,942	1,579	3,080
Inventories	8	46	46	40
Other	8	28	186	152
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		12,268	12,702	12,929
Non-Current Assets				
Investments	6b	-	-	-
Receivables	7	75	129	130
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	208,171	208,510	211,230
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
Total Non-Current Assets		208,246	208,639	211,360
TOTAL ASSETS		220,514	221,341	224,289
LIABILITIES				
Current Liabilities				
Payables	10	1,371	1,784	1,796
Borrowings	10	822	687	604
Provisions	10	2,530	2,398	2,604
Total Current Liabilities		4,723	4,869	5,004
Non-Current Liabilities				
Payables	10	-	-	-
Borrowings	10	3,557	3,414	3,380
Provisions	10	76	71	129
Total Non-Current Liabilities		3,633	3,485	3,509
TOTAL LIABILITIES		8,356	8,354	8,513
Net Assets		212,158	212,987	215,776
EQUITY				
Retained Earnings	20	116,320	117,640	124,437
Revaluation Reserves	20	95,838	95,347	91,339
Council Equity Interest		212,158	212,987	215,776
Non-controlling Interest		-	-	-
Total Equity		212,158	212,987	215,776

Bourke Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		117,640	95,347	212,987	-	212,987
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		117,640	95,347	212,987	-	212,987
c. Net Operating Result for the Year		(1,320)	-	(1,320)	-	(1,320)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	491	491	-	491
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	491	491	-	491
Total Comprehensive Income (c&d)		(1,320)	491	(829)	-	(829)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		116,320	95,838	212,158	-	212,158
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)	(4,177)	-	(4,177)	-	(4,177)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		120,260	91,339	211,599	-	211,599
c. Net Operating Result for the Year		(2,620)	-	(2,620)	-	(2,620)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	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		117,640	95,347	212,987	-	212,987

Bourke Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
3,684	Rates & Annual Charges		3,453	3,227
6,153	User Charges & Fees		6,446	8,059
315	Investment & Interest Revenue Received		451	402
14,014	Grants & Contributions		6,463	8,386
-	Bonds, Deposits & Retention amounts received		14	122
1,128	Other		1,157	639
Payments:				
(5,309)	Employee Benefits & On-Costs		(6,241)	(7,128)
(9,155)	Materials & Contracts		(6,585)	(7,490)
(287)	Borrowing Costs		(266)	(272)
-	Bonds, Deposits & Retention amounts refunded		(10)	(120)
(676)	Other		(1,381)	(1,800)
9,867	Net Cash provided (or used in) Operating Activities	11b	3,501	4,025
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		4,319	-
-	Sale of Infrastructure, Property, Plant & Equipment		336	395
Payments:				
-	Purchase of Investment Securities		(4,200)	-
(11,766)	Purchase of Infrastructure, Property, Plant & Equipment		(4,754)	(3,303)
(11,766)	Net Cash provided (or used in) Investing Activities		(4,299)	(2,908)
Cash Flows from Financing Activities				
Receipts:				
1,465	Proceeds from Borrowings & Advances		965	716
Payments:				
(694)	Repayment of Borrowings & Advances		(687)	(599)
771	Net Cash Flow provided (used in) Financing Activities		278	117
(1,128)	Net Increase/(Decrease) in Cash & Cash Equivalents		(520)	1,234
10,891	plus: Cash & Cash Equivalents - beginning of year	11a	6,329	5,095
9,763	Cash & Cash Equivalents - end of the year	11a	5,809	6,329
Additional Information:				
	plus: Investments on hand - end of year	6b	4,443	4,562
Total Cash, Cash Equivalents & Investments			10,252	10,891

Please refer to Note 11 for further information.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

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Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(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 (x) relating to a summary of the effects of Standards with future operative dates.

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (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 it and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

A provision for the impairment on rates receivables has not been established as unpaid rates represent a

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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).

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

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

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

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

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

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is

received, or when the penalty has been applied, whichever first occurs.

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

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) Leases

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

Finance Leases

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

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

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Initial Recognition

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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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Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Buildings

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

Stormwater Drainage

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

Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	10 to 50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	100 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	35 to 75 years

Water & Sewer Assets

- Dams and reservoirs	25 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	70 to 80 years
- Reticulation pipes : Other	25 to 80 years
- Pumps and telemetry	10 to 50 years

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) 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.

(q) 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.

(r) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

(s) 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.

(t) 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.

(u) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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 Richard Boyfield of Mercer Consulting (Australia) Pty Ltd during 2013/14 and covers the period ended 30/06/14.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 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 2014 was \$168,054.

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 \$305,984 as at 30 June 2014.

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 2014

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 30/6/14.

(v) 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.

(w) 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.

(x) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

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.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

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 for 30 June 2015 Financial Statements for not-for-profit entities)

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.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

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

(y) Rounding of amounts

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

(z) 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.

(aa) 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 2014

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
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	-	-	172	215	224	(172)	(215)	(224)	-	-	1	2
Administration	789	1,199	1,028	2,120	2,163	3,550	(1,331)	(964)	(2,522)	14	27	17,998	16,597
Public Order & Safety	253	308	301	554	573	696	(301)	(265)	(395)	-	-	1,650	1,599
Health	50	44	41	390	539	487	(340)	(495)	(446)	58	-	1,369	1,287
Environment	683	651	639	837	1,020	954	(154)	(369)	(315)	-	57	-	-
Community Services & Education	1	46	2	24	46	24	(23)	-	(22)	1	1	2,593	194
Housing & Community Amenities	101	145	135	862	667	673	(761)	(522)	(538)	26	41	15,617	25,493
Water Supplies	4,337	1,744	1,686	1,725	1,759	1,701	2,612	(15)	(15)	6	-	10,816	12,330
Sewerage Services	836	778	779	761	622	913	75	156	(134)	5	-	7,842	9,958
Recreation & Culture	4,221	23	319	1,332	1,603	1,366	2,889	(1,580)	(1,047)	27	186	11,122	8,133
Mining, Manufacturing & Construction	10	13	16	-	-	-	10	13	16	-	-	-	-
Transport & Communication	7,918	8,852	8,430	9,536	9,213	10,020	(1,618)	(361)	(1,590)	1,747	1,491	143,803	144,501
Economic Affairs	510	343	342	1,098	1,146	1,212	(588)	(803)	(870)	-	-	7,703	5,426
Total Functions & Activities	19,709	14,146	13,718	19,411	19,566	21,820	298	(5,420)	(8,102)	1,884	1,803	220,514	221,341
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	5,585	4,100	5,482	-	-	-	5,585	4,100	5,482	2,392	3,829	-	-
Operating Result from Continuing Operations	25,294	18,246	19,200	19,411	19,566	21,820	5,883	(1,320)	(2,620)	4,276	5,632	220,514	221,341

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 2014

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

AGRICULTURE

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		358	341
Farmland		1,003	977
Business		104	93
Total Ordinary Rates		1,465	1,411
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		242	235
Water Supply Services		787	777
Sewerage Services		690	678
Drainage		139	140
Waste Management Services (non-domestic)		116	107
Total Annual Charges		1,974	1,937
TOTAL RATES & ANNUAL CHARGES		3,439	3,348

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 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		738	686
Sewerage Services		1	2
Waste Management Services (non-domestic)		61	83
Total User Charges		800	771
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		50	74
Private Works - Section 67		569	389
Registration Fees		8	5
Total Fees & Charges - Statutory/Regulatory		627	468
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		4	4
Cemeteries		22	24
RMS (formerly RTA) Charges (State Roads not controlled by Council)		5,260	5,359
Saleyards		2	-
Water Connection Fees		8	8
Other		104	125
Total Fees & Charges - Other		5,400	5,520
TOTAL USER CHARGES & FEES		6,827	6,759

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		65	51
- Interest earned on Investments (interest & coupon payment income)		370	399
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>435</u>	<u>450</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		52	51
General Council Cash & Investments		191	191
Restricted Investments/Funds - External:			
Water Fund Operations		111	112
Sewerage Fund Operations		81	96
<u>Total Interest & Investment Revenue Recognised</u>		<u>435</u>	<u>450</u>
(d) Other Revenues			
Rental Income - Other Council Properties		130	132
Back O'Bourke Centre		362	298
Fines		1	3
Legal Fees Recovery - Rates & Charges (Extra Charges)		31	16
Commissions & Agency Fees		88	58
Contract Works		2	5
Diesel Rebate		117	54
Insurance Claim Recoveries		96	11
Jandra Boat		46	51
Recycling Income (non domestic)		29	12
Other		160	369
<u>TOTAL OTHER REVENUE</u>		<u>1,062</u>	<u>1,009</u>

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1,507	2,150	-	-
Financial Assistance - Local Roads Component	876	1,670	-	-
Pensioners' Rates Subsidies - General Component	9	9	-	-
Total General Purpose	2,392	3,829	-	-

¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

Specific Purpose

Pensioners' Rates Subsidies:

- Water	6	6	-	-
- Sewerage	5	5	-	-
- Domestic Waste Management	5	5	-	-
- Urban Drainage	3	3	-	-
Community Development	-	41	18	-
Employment & Training Programs	13	8	-	-
Flood Restoration	-	309	-	-
Heritage & Cultural	5	4	-	-
Library	22	23	-	-
Noxious Weeds	58	57	-	-
Recreation & Culture	-	-	-	10
Street Lighting	21	21	-	-
Transport (Roads to Recovery)	985	497	-	220
Transport (Other Roads & Bridges Funding)	6	-	735	444
Youth Services	1	1	-	-
Breaking the Cycle Funding	-	-	-	149
Other	-	-	1	-
Total Specific Purpose	1,130	980	754	823
Total Grants	3,522	4,809	754	823

Grant Revenue is attributable to:

- Commonwealth Funding	3,376	4,317	-	220
- State Funding	127	478	754	444
- Other Funding	19	14	-	159
	3,522	4,809	754	823

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
Nil				
Other Contributions:				
Bushfire Services	300	296	-	-
Community Development	45	-	-	-
RMS Contributions (Regional Roads, Block Grant)	1,862	1,550	-	156
Total Other Contributions	2,207	1,846	-	156
Total Contributions	2,207	1,846	-	156
TOTAL GRANTS & CONTRIBUTIONS	5,729	6,655	754	979

(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	535	313
add: Grants & contributions recognised in the current period but not yet spent:	68	402
less: Grants & contributions recognised in a previous reporting period now spent:	(288)	(180)
Net Increase (Decrease) in Restricted Assets during the Period	(220)	222
Unexpended and held as Restricted Assets	315	535
Comprising:		
- Specific Purpose Unexpended Grants	280	464
- Other Contributions	35	71
	315	535

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,667	4,878
Travelling		203	196
Employee Leave Entitlements (ELE)		1,008	948
Superannuation		613	550
Workers' Compensation Insurance		141	83
Fringe Benefit Tax (FBT)		35	21
Training Costs (other than Salaries & Wages)		175	276
Sick Leave Insurance		13	13
Protective Clothing		28	34
Other		43	26
Total Employee Costs		6,926	7,025
less: Capitalised Costs		(515)	(155)
TOTAL EMPLOYEE COSTS EXPENSED		6,411	6,870
Number of "Equivalent Full Time" Employees at year end		74	74
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		85	85
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		264	269
Total Interest Bearing Liability Costs Expensed		264	269
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		264	269

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts			
Raw Materials & Consumables		9,990	10,339
Contractor & Consultancy Costs		249	177
Auditors Remuneration ⁽¹⁾		42	42
Legal Expenses:			
- Legal Expenses: Planning & Development		3	-
- Legal Expenses: Other		54	24
Other		-	22
Total Materials & Contracts		10,338	10,604
less: Capitalised Costs		(3,772)	(3,313)
TOTAL MATERIALS & CONTRACTS		6,566	7,291

1. Auditor Remuneration

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

(i) Audit and Other Assurance Services

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

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013

(d) Depreciation, Amortisation & Impairment

Plant and Equipment	-	-	779	737
Office Equipment	-	-	49	45
Buildings - Non Specialised	-	-	76	49
Buildings - Specialised	-	-	730	343
Other Structures	-	-	178	158
Infrastructure:				
- Roads	-	-	1,277	1,196
- Bridges	-	-	214	216
- Footpaths	-	-	70	70
- Stormwater Drainage	-	-	66	66
- Water Supply Network	-	-	322	322
- Sewerage Network	-	-	169	175
- Swimming Pools	-	-	97	24
- Other Open Space/Recreational Assets	-	-	279	117
- Levee Bank	-	-	142	144
Other Assets				
- Library Books	-	-	10	11
Total Depreciation & Impairment Costs		-	-	4,458
less: Capitalised Costs		-	-	-
less: Impairments (to)/from ARR [Equity] 9a		-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	4,458

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		32	30
Bad & Doubtful Debts		14	53
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		7	9
- NSW Fire Brigade Levy		31	30
- NSW Rural Fire Service Levy		187	90
Councillor Expenses - Mayoral Fee		23	23
Councillor Expenses - Councillors' Fees		103	103
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		34	30
Donations, Contributions & Assistance to other organisations (Section 356)		44	47
Election Expenses		-	28
Electricity & Heating		488	601
Insurance		355	468
Street Lighting		124	135
Subscriptions & Publications		21	42
Telephone & Communications		76	77
<u>TOTAL OTHER EXPENSES</u>		<u>1,539</u>	<u>1,766</u>

Note 5. Gains or Losses from the Disposal of Assets

Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(96)	(1,379)
Net Gain/(Loss) on Disposal		(96)	(1,379)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		336	395
less: Carrying Amount of P&E Assets Sold / Written Off		(265)	(232)
Net Gain/(Loss) on Disposal		71	163
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(303)	(735)
Net Gain/(Loss) on Disposal		(303)	(735)
Financial Assets*			
Proceeds from Disposal of Financial Assets - Held to Maturity Investments		4,319	-
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(4,319)	-
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(328)</u>	<u>(1,951)</u>

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		939	-	704	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		4,870	-	5,625	-
Total Cash & Cash Equivalents		5,809	-	6,329	-
Investments (Note 6b)					
- Long Term Deposits		4,443	-	4,562	-
Total Investments		4,443	-	4,562	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		10,252	-	10,891	-

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

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

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		5,809	-	6,329	-
Investments					
a. "Held to Maturity"	6(b-i)	4,443	-	4,562	-
Investments		4,443	-	4,562	-

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

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

Balance at the Beginning of the Year		4,562	-	300	-
Additions		4,200	-	4,262	-
Disposals (sales & redemptions)		(4,319)	-	-	-
Balance at End of Year		4,443	-	4,562	-
Comprising:					
- Long Term Deposits		4,443	-	4,562	-
Total		4,443	-	4,562	-

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	10,252	-	10,891	-
attributable to:				
External Restrictions (refer below)	4,784	-	4,670	-
Internal Restrictions (refer below)	769	-	619	-
Unrestricted	4,699	-	5,602	-
	10,252	-	10,891	-

2014 \$ '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 (E)	71	-	(36)	35
Specific Purpose Unexpended Grants (F)	390	-	(184)	206
Specific Purpose Unexpended Grants-Sewer Fund (F)	74	-	-	74
Water Supplies (G)	2,368	77	-	2,445
Sewerage Services (G)	1,767	257	-	2,024
External Restrictions - Other	4,670	334	(220)	4,784
Total External Restrictions	4,670	334	(220)	4,784

Internal Restrictions

Employees Leave Entitlement	594	-	-	594
Deposits, Retentions & Bonds	25	-	-	25
Loan - Skate Park	-	150	-	150
Total Internal Restrictions	619	150	-	769

TOTAL RESTRICTIONS	5,289	484	(220)	5,553
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E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		349	127	327	172
Interest & Extra Charges		73	14	52	25
User Charges & Fees		1,402	-	1,021	-
Accrued Revenues					
- Interest on Investments		53	-	76	-
Government Grants & Subsidies		21	-	1	-
Net GST Receivable		141	-	236	-
Total		2,039	141	1,713	197
less: Provision for Impairment					
Rates & Annual Charges		(50)	(52)	(55)	(56)
Interest & Extra Charges		(11)	(14)	(10)	(12)
User Charges & Fees		(36)	-	(69)	-
Total Provision for Impairment - Receivables		(97)	(66)	(134)	(68)
TOTAL NET RECEIVABLES		1,942	75	1,579	129
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		138	-	160	-
- Other		419	-	165	-
Sewerage Services					
- Rates & Availability Charges		129	-	130	-
Total External Restrictions		766	-	455	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,176	75	1,124	129
TOTAL NET RECEIVABLES		1,942	75	1,579	129

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 9.00% (2013 10.00%).
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 2014

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		46	-	46	-
Total Inventories		46	-	46	-
Other Assets					
Prepayments		28	-	186	-
Total Other Assets		28	-	186	-
TOTAL INVENTORIES/OTHER ASSETS		74	-	232	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	74	-	232	-
TOTAL INVENTORIES & OTHER ASSETS	74	-	232	-

(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 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period					as at 30/6/2014				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value						Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	66	-	-	-	66	276	-	-	(6)	-	336	-	-	-	336
Plant & Equipment	-	8,372	4,695	-	3,677	1,101	(265)	(779)	-	-	-	8,628	4,894	-	3,734
Office Equipment	-	407	190	-	217	9	-	(49)	-	-	-	416	239	-	177
Land:															
- Operational Land	-	1,011	-	-	1,011	-	-	-	-	-	-	1,011	-	-	1,011
- Community Land	-	842	-	-	842	-	-	-	-	-	-	842	-	-	842
Buildings - Non Specialised	-	2,622	297	-	2,325	226	-	(76)	-	-	-	2,848	373	-	2,475
Buildings - Specialised	-	26,567	4,417	-	22,150	144	(96)	(730)	6	-	-	26,564	5,090	-	21,474
Other Structures	-	3,548	728	-	2,820	66	-	(178)	-	-	-	3,614	906	-	2,708
Infrastructure:															
- Roads	-	151,929	27,999	-	123,930	1,166	(291)	(1,277)	-	-	-	152,456	28,928	-	123,528
- Bridges	-	22,046	7,937	-	14,109	800	(2)	(214)	-	-	-	22,586	7,893	-	14,693
- Footpaths	-	4,416	2,584	-	1,832	355	-	(70)	-	-	-	4,771	2,654	-	2,117
- Stormwater Drainage	-	5,047	2,082	-	2,965	-	-	(66)	-	-	-	5,047	2,148	-	2,899
- Water Supply Network	-	21,970	11,793	-	10,177	57	-	(322)	-	278	-	22,644	12,454	-	10,190
- Sewerage Network	-	14,611	6,849	-	7,762	-	-	(169)	-	213	-	15,020	7,214	-	7,806
- Swimming Pools	-	2,007	1,013	-	994	-	-	(97)	-	-	-	2,007	1,110	-	897
- Levee Bank	-	13,252	2,987	-	10,265	10	(10)	(142)	-	-	-	13,238	3,115	-	10,123
- Other Open Space/Recreational Assets	-	5,923	2,640	-	3,283	67	-	(279)	-	-	-	5,990	2,919	-	3,071
Other Assets:															
- Library Books	-	112	27	-	85	15	-	(10)	-	-	-	114	24	-	90
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	66	284,682	76,238	-	208,510	4,292	(664)	(4,458)	-	491	336	287,796	79,961	-	208,171

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$2,552,674) and New Assets (\$345,213). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Bourke Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

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

\$ '000

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	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	-	308	79	229	-	152	61	91
Infrastructure	-	22,644	12,454	10,190	-	21,970	11,795	10,175
Total Water Supply	-	22,952	12,533	10,419	-	22,122	11,856	10,266
Sewerage Services								
Plant & Equipment	-	96	59	37	-	95	50	45
Infrastructure	-	15,020	7,214	7,806	-	14,611	6,849	7,762
Total Sewerage Services	-	15,116	7,273	7,843	-	14,706	6,899	7,807
TOTAL RESTRICTED I,PP&E	-	38,068	19,806	18,262	-	36,828	18,755	18,073

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 2014

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,018	-	1,037	-
Goods & Services - capital expenditure		11	-	473	-
Payments Received In Advance		143	-	110	-
Accrued Expenses:					
- Borrowings		24	-	26	-
- Salaries & Wages		146	-	113	-
Security Bonds, Deposits & Retentions		29	-	25	-
Total Payables		1,371	-	1,784	-
Borrowings					
Loans - Secured ¹		822	3,557	687	3,414
Total Borrowings		822	3,557	687	3,414
Provisions					
Employee Benefits;					
Annual Leave		733	-	674	-
Sick Leave		301	-	306	-
Long Service Leave		1,452	76	1,363	71
Gratuities		-	-	10	-
Other Leave		44	-	45	-
Total Provisions		2,530	76	2,398	71
Total Payables, Borrowings & Provisions		4,723	3,633	4,869	3,485
(i) Liabilities relating to Restricted Assets					
		2014		2013	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		70	508	62	535
Sewer		3	88	2	92
Liabilities relating to externally restricted assets		73	596	64	627
Internally Restricted Assets					
Loan - Skate Park		14	136	-	-
Liabilities relating to internally restricted assets		14	136	-	-
Total Liabilities relating to restricted assets		87	732	64	627
Total Liabilities relating to Unrestricted Assets		4,636	2,901	4,805	2,858
TOTAL PAYABLES, BORROWINGS & PROVISIONS		4,723	3,633	4,869	3,485

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 2014

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

\$ '000	Actual 2014	Actual 2013
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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	1,500
	<u>1,500</u>	<u>1,500</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2013		2014			Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	674	541	(482)	-	-	733
Sick Leave	306	292	(297)	-	-	301
Long Service Leave	1,434	187	(93)	-	-	1,528
Other Leave	45	-	(1)	-	-	44
Gratuities	10	(10)	-	-	-	-
TOTAL	2,469	1,010	(873)	-	-	2,606

- 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 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	5,809	6,329
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		5,809	6,329
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(1,320)	(2,620)
Adjust for non cash items:			
Depreciation & Amortisation		4,458	3,673
Net Losses/(Gains) on Disposal of Assets		328	1,951
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(270)	1,580
Increase/(Decrease) in Provision for Doubtful Debts		(39)	(78)
Decrease/(Increase) in Inventories		-	(6)
Decrease/(Increase) in Other Assets		158	(34)
Increase/(Decrease) in Payables		(19)	(193)
Increase/(Decrease) in accrued Interest Payable		(2)	(3)
Increase/(Decrease) in other accrued Expenses Payable		33	6
Increase/(Decrease) in Other Liabilities		37	13
Increase/(Decrease) in Employee Leave Entitlements		137	(264)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		3,501	4,025

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		200	200
Credit Cards / Purchase Cards		10	10
Total Financing Arrangements		210	210
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		3	2
Total Financing Arrangements Utilised		3	2

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

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

(ii) Secured Loan Liabilities

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

Note 12. Commitments for Expenditure

Council has no Commitments for Expenditure

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>(1,746)</u>	-9.98%	-9.04%	-11.88%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	17,492			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(less ALL Grants & Contributions)</u>	<u>11,763</u>	64.47%	60.24%	51.70%
Total continuing operating revenue ⁽¹⁾	18,246			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>6,718</u>	2.13 : 1	2.29	2.19
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>3,150</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>2,976</u>	3.13 : 1	2.64	3.97
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	<u>951</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>436</u>	11.00%	11.90%	8.20%
Rates, Annual and Extra Charges Collectible	<u>3,965</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>10,252</u>	8.11	7.51	6.43
Payments from cash flow of operating and financing activities	<u>1,264</u>			

Notes

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

(2) Refer Notes 6-8 inclusive.

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

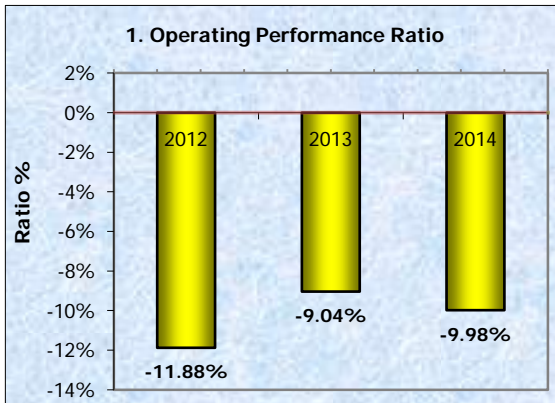
(3) Refer to Note 10(a).

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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



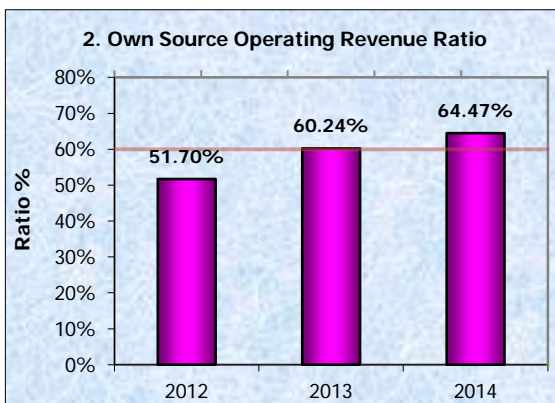
Purpose of Operating Performance Ratio

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

2013/14 Ratio	-9.98%

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



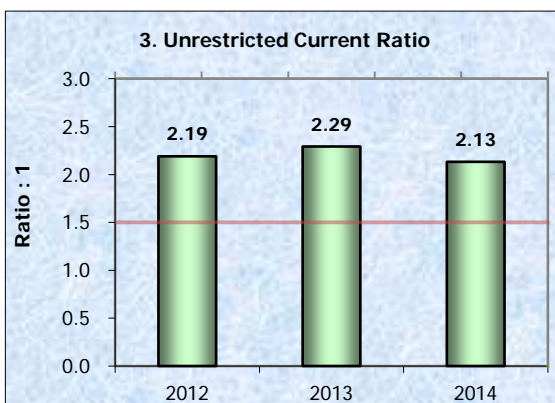
Purpose of Own Source Operating Revenue Ratio

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

2013/14 Ratio	64.47%

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Purpose of Unrestricted Current Ratio

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

2013/14 Ratio	2.13 : 1

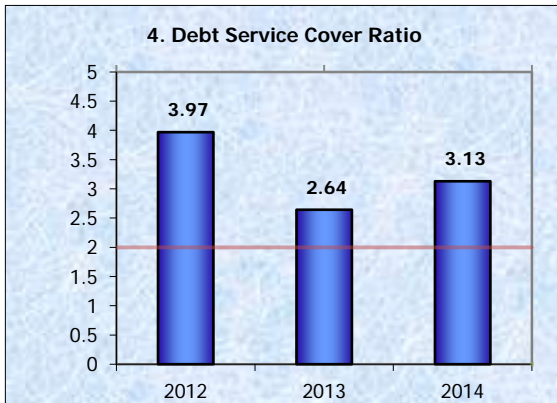
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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



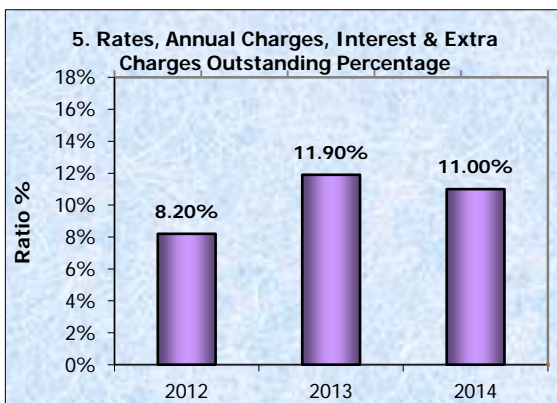
— Minimum 2

Source for Benchmark: NSW Treasury Corporation

Purpose of Debt Service Cover Ratio

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

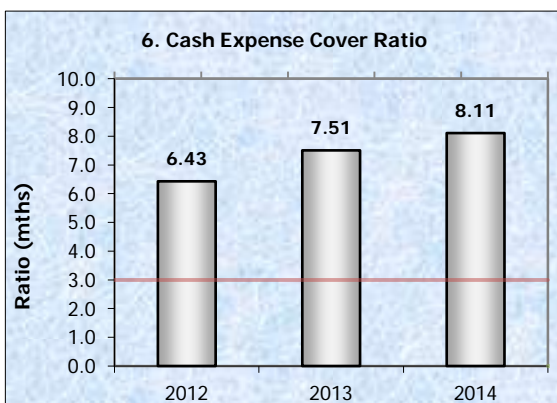
2013/14 Ratio 3.13 : 1



Purpose of Rates & Annual Charges Outstanding Ratio

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

2013/14 Ratio 11.00%



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Purpose of Cash Expense Cover Ratio

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

2013/14 Ratio 8.11

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Water 2014	Sewer 2014	General ⁵ 2014
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	-0.80%	18.96%	-12.75%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: -1.88%	-17.09%	-9.45%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(less ALL Grants & Contributions)</u>	99.68%	99.39%	58.39%
Total continuing operating revenue ⁽¹⁾			
	prior period: 99.67%	99.39%	53.99%
3. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽²⁾</u>	5.56 : 1	26.02 : 1	2.09 : 1
Current Liabilities less Specific Purpose Liabilities ^(3, 4)			
	prior period: 43.44	985.50	2.29
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)			
<u>Principal Repayments (from the Statement of Cash Flows)</u>	6.00	42.75	2.55
+ Borrowing Interest Costs (from the Income Statement)			
	prior period: 5.75	5.78	2.36
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual and Extra Charges Outstanding</u>	38.85%	17.53%	-1.93%
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	0.00%	24.43%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents including All Term Deposits			
<u>Payments from cash flow of operating and financing activities</u> x12	0.00	0.00	4.52
	prior period: 0.00	0.00	4.61

Notes

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	5,809	6,329	5,809	6,329
Receivables	2,017	1,708	2,017	1,708
Total Financial Assets	12,269	12,599	7,826	8,037
Financial Liabilities				
Payables	1,228	1,674	1,229	1,674
Loans / Advances	4,379	4,101	4,379	4,101
Total Financial Liabilities	5,607	5,775	5,608	5,775

Fair Value is determined as follows:

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2014				
Possible impact of a 1% movement in Interest Rates	92	92	(92)	(92)
2013				
Possible impact of a 1% movement in Interest Rates	72	72	(72)	(72)

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	100%	100%	100%	100%
	100%	100%	100%	100%
(ii) Ageing of Receivables - value				
Current (not yet overdue)	-	855	-	-
Past due by up to 30 days	-	256	-	735
Past due between 31 and 180 days	295	304	230	320
Past due between 181 and 365 days	143	158	195	164
Past due by more than 1 year	38	131	151	115
	476	1,704	576	1,334
(iii) Movement in Provision for Impairment of Receivables			2014	2013
Balance at the beginning of the year			202	280
+ new provisions recognised during the year			48	43
- amounts already provided for & written off this year			(87)	(121)
Balance at the end of the year			163	202

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2014									
Trade/Other Payables	29	1,200	-	-	-	-	-	1,229	1,229
Loans & Advances	-	822	759	620	453	342	1,383	4,379	4,379
Total Financial Liabilities	29	2,022	759	620	453	342	1,383	5,608	5,608
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

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:

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,229	0.0%	1,674	0.0%
Loans & Advances - Fixed Interest Rate	4,379	7.0%	4,101	7.3%
	<u>5,608</u>		<u>5,775</u>	

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 27 May 2013.

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	2014 Budget	2014 Actual	2014 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	3,684	3,439	(245)	(7%)	U
User Charges & Fees	6,153	6,827	674	11%	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	315	435	120	38%	F
A conservative approach was taken when setting the budget. Council was able to maintain reasonable investments for the period.					
Other Revenues	1,128	1,062	(66)	(6%)	U
Operating Grants & Contributions	5,708	5,729	21	0%	F
Capital Grants & Contributions	8,306	754	(7,552)	(91%)	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 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	5,309	6,411	(1,102)	(21%) U
Vacant positions were not filled for extended periods of time and grant applications that were unsuccessful included a significant wage component				
Borrowing Costs	287	264	23	8% F
Materials & Contracts	9,155	6,566	2,589	28% F
A favourable outcome mainly due to savings with improved buying power and also grant applications that were unsuccessful that included a Materials and Contract component.				
Depreciation & Amortisation	3,984	4,458	(474)	(12%) U
Increased due to the revaluation of Building and Other Structures in 2012/2013, the revaluation reduced a significant proportion of the the useful life of the assets which inturn increased the depreciation expense for those assets.				
Impairment Expenses	-	-	-	0% F
Other Expenses	676	1,539	(863)	(128%) U
Increase in electricity and insurances.				
Net Losses from Disposal of Assets	-	328	(328)	0% U
Adjustment made to Asset Registers to reflect the actual Assets owned by Council, includes the segments of Roads disposed of when carrying out renewals.				
Budget Variations relating to Council's Cash Flow Statement include:				
Cash Flows from Operating Activities	9,867	3,501	(6,366)	(64.5%) U
Cash flow income is lower than anticipated mainly due to no prepayment of the FAG's grant as in preious years.				
Cash Flows from Investing Activities	(11,766)	(4,299)	7,467	(63.5%) F
Not all infrastructure renewals were carried out due to limited funding availability.				
Cash Flows from Financing Activities	771	278	(493)	(63.9%) U
Council did not take up all borrowings after the original budget was adopted.				

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

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

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

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

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

(iv) Other Guarantees

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

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) Rates and Charges

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

Note 19. 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 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		117,640	124,437
a. Correction of Prior Period Errors	20 (c)	-	(4,177)
d. Net Operating Result for the Year		(1,320)	(2,620)
Balance at End of the Reporting Period		116,320	117,640
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		95,838	95,347
Total		95,838	95,347
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		95,347	91,339
- Revaluations for the year	9(a)	491	4,008
- Balance at End of Year		95,838	95,347
TOTAL VALUE OF RESERVES		95,838	95,347

(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 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(c) Correction of Error/s relating to a Previous Reporting Period			
Adjustments in the 2012/13 Reporting Period:			
In the 2014 year Council finalised the 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 30/6/2013 to reflect the correct value of fair value and the accumulated depreciation:			
Buildings - Specialised	increase/(decrease) to at fair value		452
Buildings - Specialised	(increase)/decrease to at fair value		(61)
Other Structures	increase/(decrease) to at fair value		(73)
Other Structures	(increase)/decrease to at fair value		133
Roads, Bridges & Footpaths	increase/(decrease) to at fair value		(1,774)
Roads, Bridges & Footpaths	(increase)/decrease to at fair value		(2,856)
Water	(increase)/decrease to at fair value		2
These changes were as a result of a re-assessment of asset life/residual value within some sections of Roads Infrastructure and previous period errors, these have 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 across categories have also been more correctly align with asset type.			
This adjustment resulted in a decrease in Council's Accumulated Surplus as at 30/6/2013.			
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 - 1/7/12		-	-
(relating to adjustments for the 30/6/12 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/13		-	(4,177)
(relating to adjustments for the 30/6/13 year end)			
Total Prior Period Adjustments - Prior Period Errors		-	(4,177)

(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 2014

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	906	736	1,797
User Charges & Fees	746	1	6,080
Interest & Investment Revenue	111	81	243
Other Revenues	94	-	968
Grants & Contributions provided for Operating Purposes	6	5	5,718
Grants & Contributions provided for Capital Purposes	-	-	754
Other Income			
Net Gains from Disposal of Assets	6	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	1,869	823	15,560
Expenses from Continuing Operations			
Employee Benefits & on-costs	390	194	5,827
Borrowing Costs	39	8	217
Materials & Contracts	930	266	5,370
Depreciation & Amortisation	378	178	3,902
Impairment	-	-	-
Other Expenses	147	21	1,371
Net Losses from the Disposal of Assets	-	-	334
Total Expenses from Continuing Operations	1,884	667	17,021
Operating Result from Continuing Operations	(15)	156	(1,461)
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(15)	156	(1,461)
Net Operating Result attributable to each Council Fund	(15)	156	(1,461)
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(15)	156	(2,215)

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 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,445	2,098	1,266
Investments	-	-	4,443
Receivables	771	209	962
Inventories	-	-	46
Other	-	-	28
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	3,216	2,307	6,745
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	75
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	10,419	7,843	189,909
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	10,419	7,843	189,984
TOTAL ASSETS	13,635	10,150	196,729
LIABILITIES			
Current Liabilities			
Payables	43	-	1,328
Borrowings	535	91	196
Provisions	-	-	2,530
Total Current Liabilities	578	91	4,054
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	-	3,557
Provisions	-	-	76
Total Non-Current Liabilities	-	-	3,633
TOTAL LIABILITIES	578	91	7,687
Net Assets	13,057	10,059	189,042
EQUITY			
Retained Earnings	6,851	4,456	105,013
Revaluation Reserves	6,206	5,603	84,029
Council Equity Interest	13,057	10,059	189,042
Non-controlling Interests	-	-	-
Total Equity	13,057	10,059	189,042

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 2014

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2014) 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 dd/mm/yy.

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 2014.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

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 2014

Note 25. Intangible Assets

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Note 27. Fair Value Measurement

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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

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

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

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

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

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

2014	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements				
Infrastructure, Property, Plant & Equipment				
Plant & Equipment	-	-	3,734	3,734
Furniture & Fittings	-	-	177	177
Operational Land	-	-	1,011	1,011
Community Land	-	-	842	842
Buildings Non-Specialised	-	-	2,475	2,475
Buildings Specialised	-	-	21,473	21,473
Other Structures	-	-	2,708	2,708

[continued on next page]

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements				
Infrastructure, Property, Plant & Equipment				
Roads	-	-	123,528	123,528
Bridges	-	-	14,693	14,693
Footpaths	-	-	2,117	2,117
Stormwater Drainage	-	-	2,899	2,899
Levee Banks	-	-	10,123	10,123
Water Supply Network	-	-	10,190	10,190
Sewerage Network	-	-	7,805	7,805
Swimming Pools	-	-	897	897
Open Spaces/Recreational	-	-	3,071	3,071
Other Assets	-	-	91	91
Total Infrastructure, Property, Plant & Equipment	-	-	207,834	207,834

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

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

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

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

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

Plant & Equipment

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

Examples of assets within these classes are as follows:

Graders, trucks, rollers, tractors and motor vehicles

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Operational & Community Land

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

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

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

Buildings - Non Specialised & Specialised

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

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

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

These assets have been classified as Level 3 valuation inputs

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

Other Structures

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

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

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

Examples of assets within these classes are as follows:

Waste Depot, Structure other than Buildings and Sale Yards

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Roads

Roads comprise of road carriageway, roadside shoulders, islands, kerb & guttering. They include sections sealed and unsealed.

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house based on actual costs and assumptions from the Council's Engineering Department.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this class. An independent valuation is conducted every five years and is scheduled for revaluation in 2015.

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

Bridges

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house based on actual costs and assumptions from the Council's Engineering Department.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this class. An independent valuation is conducted every five years and is scheduled for revaluation in 2015.

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

Footpaths

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house based on actual costs and assumptions from the Council's Engineering Department.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this class. Footpaths are inspected annually and condition assessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2015.

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

Bourke Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Drainage Infrastructure

Assets within this class comprise pit, traps, pipes and channels.

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

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

An independent valuation is conducted every five years. This asset class is scheduled for revaluation in 2015.

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

Water Supply Network

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

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

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

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

Water assets are independently valued every five years. The previous valuation being 2012.

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

Sewerage Network

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

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

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

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

Sewerage assets are independently valued every five years. The previous valuation being 2012.

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

Swimming Pools

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

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

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

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

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

Open Spaces/Recreational Assets

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

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

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Operational Land	Community Land	Total
Adoption of AASB 13	3,677	217	1,011	842	5,747
Purchases (GBV)	1,101	9	-	-	1,110
Disposals (WDV)	(265)	-	-	-	(265)
Depreciation & Impairment	(779)	(49)	-	-	(828)
Closing Balance - 30/6/14	3,734	177	1,011	842	5,764

	Buildings Non- Specialised	Buildings Specialised	Other Structures	Swimming Pools	Total
Adoption of AASB 13	2,325	22,150	2,820	994	28,289
Purchases (GBV)	226	150	66	-	442
Disposals (WDV)	-	(96)	-	-	(96)
Depreciation & Impairment	(76)	(730)	(178)	(97)	(1,081)
Closing Balance - 30/6/14	2,475	21,474	2,708	897	27,554

	Roads	Bridges	Footpaths	Recreational	Total
Adoption of AASB 13	123,930	14,109	1,832	3,282	143,153
Purchases (GBV)	1,166	800	355	67	2,388
Disposals (WDV)	(291)	(2)	-	-	(293)
Depreciation & Impairment	(1,277)	(214)	(70)	(279)	(1,840)
Closing Balance - 30/6/14	123,528	14,693	2,117	3,070	143,408

	Stormwater Drainage	Water Supply Network	Sewerage Network	Levee Banks	Other Assets	Total
Adoption of AASB 13	2,965	10,175	7,762	10,265	87	31,254
Purchases (GBV)	-	57	-	10	15	82
Disposals (WDV)	-	-	-	(10)	-	(10)
Depreciation & Impairment	(66)	(322)	(169)	(142)	(10)	(709)
FV Gains - OCI	-	278	213	-	-	491
Closing Balance - 30/6/14	2,899	10,188	7,806	10,123	92	31,108

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

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

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

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

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

I,PP&E

Class	Fair Value (30/6/14) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	3,734	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •1 to 20 years •0% to 50% 	Significant changes in gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Office Equipment	177	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •4 to 20 years •Varies 	Significant changes in gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Operational Land	1,011	<ul style="list-style-type: none"> •Land Value (as per Valuer General value) 	<ul style="list-style-type: none"> •Varies from asset to asset 	Significant changes in price, based on unimproved capital value, would result in changes to fair value measurements.
Community Land	842	<ul style="list-style-type: none"> •Land Value (as per Valuer General value) 	<ul style="list-style-type: none"> •Varies from asset to asset 	Significant changes in price, based on unimproved capital value, would result in changes to fair value measurements.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

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

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

Class	Fair Value (30/6/14) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings Non-Specialised	2,475	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •5 to 87 years •0% to 70% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Buildings Specialised	21,473	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •5 to 100 years •0% to 70% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Structures	2,708	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •1 to 100 years •0% to 50% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Roads	123,528	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •1 to 100 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

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

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

Class	Fair Value (30/6/14) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Bridges	14,693	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •2 to 21 years •0% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Footpaths	2,117	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •1 to 75 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Stormwater Drainage	2,899	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •35 to 100 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Water Supply Network	10,190	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •7 to 122 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

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

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

Class	Fair Value (30/6/14) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Sewerage Network	7,806	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •13 to 112 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Levee Banks	10,123	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •10 to 80 years •0% to 40% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Swimming Pools	897	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •4 to 60 years •0% to 100% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Open Spaces / Recreational	3,071	<ul style="list-style-type: none"> •Gross Replacement Cost •Remaining Useful Life •Residual Value •Asset Condition 	<ul style="list-style-type: none"> •Varies significantly from asset to asset •2 to 100 years •0% to 50% •Varies 	Significant changes in gross replacement value, asset condition pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

(5). Highest and best use

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

Bourke Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 28. Financial Review

\$ '000

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

Financial Performance Figures	2014	2013	2012	2011	2010
Inflows:					
Rates & Annual Charges Revenue	3,439	3,348	3,205	3,062	2,925
User Charges Revenue	6,827	6,759	6,707	5,522	4,100
Interest & Investment Revenue (Losses)	435	450	346	270	404
Grants Income - Operating & Capital	4,276	5,632	8,071	6,311	8,029
Total Income from Continuing Operations	18,246	19,200	21,085	18,180	18,423
Sale Proceeds from I,PP&E	336	395	375	564	670
New Loan Borrowings & Advances	965	716	731	750	240
Outflows:					
Employee Benefits & On-cost Expenses	6,411	6,870	6,145	6,269	6,046
Borrowing Costs	264	269	247	234	265
Materials & Contracts Expenses	6,566	7,291	8,243	6,227	6,382
Total Expenses from Continuing Operations	19,566	21,820	21,327	17,630	17,594
Total Cash purchases of I,PP&E	4,754	3,303	3,539	4,412	5,321
Total Loan Repayments (incl. Finance Leases)	687	599	696	710	657
Operating Surplus/(Deficit) (excl. Capital Income)	(2,074)	(3,599)	(1,899)	(1,046)	(310)
Financial Position Figures	2014	2013	2012	2011	2010
Current Assets	12,268	12,702	10,876	7,837	7,698
Current Liabilities	4,723	4,869	4,892	3,917	4,807
Net Current Assets	7,545	7,833	5,984	3,920	2,891
Available Working Capital (Unrestricted Net Current Assets)	4,647	5,238	3,877	2,313	1,941
Cash & Investments - Unrestricted	4,699	5,602	2,420	2,409	1,467
Cash & Investments - Internal Restrictions	769	619	668	616	633
Cash & Investments - Total	10,252	10,891	7,322	6,284	4,758
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	4,379	4,101	3,792	3,757	3,717
Total Value of I,PP&E (excl. Land & Earthworks)	286,279	282,895	284,140	271,874	178,602
Total Accumulated Depreciation	79,961	76,238	101,223	92,195	60,882
Indicative Remaining Useful Life (as a % of GBV)	72%	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 2014

Note 29. Council Information & Contact Details

Principal Place of Business:

29 Mitchell St
Bourke NSW 2840

Contact Details

Mailing Address:

PO Box 21
Bourke NSW 2840

Opening Hours:

Shire Office: Mon - Fri 8:00am to 4:30pm
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

Other Information

ABN: 96 716 194 950

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

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 2014, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

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

Assurance Partners

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Sydney NSW 2000 Australia

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Sydney NSW 2001

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info@hr-ss.com.au

Practising as Hill Rogers Spencer
Steer Assurance Partners

ABN 56 435 338 966

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Dated at Sydney this 30th day of October 2014

30 October 2014

The Mayor
Bourke Shire Council
PO Box 21
BOURKE NSW 2840

Mayor,

Audit Report - Year Ended 30 June 2014

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2014 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

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

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

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a deficit of \$1.32 million as compared with \$2.62 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.

	2014	% of	2013	% of	Increase
	\$000	Total	\$000	Total	(Decrease)
					\$000
Revenues before capital items					
Rates & annual charges	3,439	20%	3,348	18%	91
User charges, fees & other revenues	7,889	45%	7,768	43%	121
Grants & contributions provided for operating purposes	5,729	33%	6,655	37%	(926)
Interest & investment revenue	435	2%	450	2%	(15)
	17,492	100%	18,221	100%	(729)
Expenses					
Employee benefits & costs	6,411	33%	6,870	31%	(459)
Materials, contracts & other expenses	8,433	43%	11,008	50%	(2,575)
Depreciation, amortisation & impairment	4,458	23%	3,673	17%	785
Borrowing costs	264	1%	269	1%	(5)
	19,566	100%	21,820	100%	(2,254)
Surplus (Deficit) before capital items	(2,074)		(3,599)		1,525
Grants & contributions provided for capital purposes	754		979		(225)
Net Surplus (Deficit) for the year	(1,320)		(2,620)		1,300
Performance Measures					
	2014		2013		
Operating Performance	-9.98%		-9.04%		
Own Source Operating Revenue	64.47%		60.24%		

The above table shows an overall increase of \$1.3 million from the previous year and is mainly attributable to losses on the disposal of specialised buildings in the previous year (\$1.274 million).

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2014, this indicator was -9.98% and was below the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2014, this indicator was 64.47% and exceeded the benchmark of 60%.

1.2 Funding Result

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

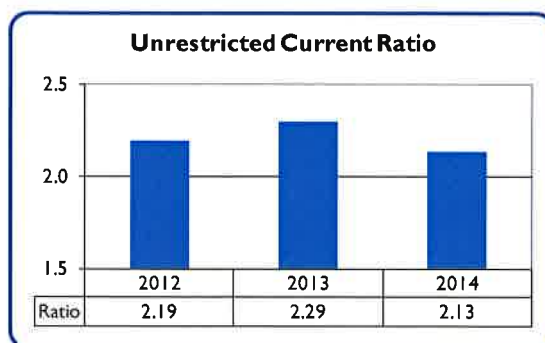
	2014	2013
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	(1,320)	(2,620)
Add back non funding items:-		
- Depreciation, amortisation & impairment	4,458	3,673
- Book value of non-current assets sold	664	2,346
	<u>3,802</u>	<u>3,399</u>
New loan borrowings	965	716
Net Changes in current/non-current assets & liabilities	195	0
	<u>4,962</u>	<u>4,115</u>
Funds were applied to:-		
Purchase and construction of assets	(4,292)	(3,468)
Principal repaid on loans	(687)	(599)
Transfers to externally restricted assets (net)	(416)	(107)
Transfers to internal reserves (net)	(150)	(2)
Net Changes in current/non current assets & liabilities	0	(261)
	<u>(5,545)</u>	<u>(4,437)</u>
Increase/(Decrease) in Available Working Capital	(583)	(322)

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 \$3.568 million representing a factor of 2.13 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$4.68 million as detailed below;

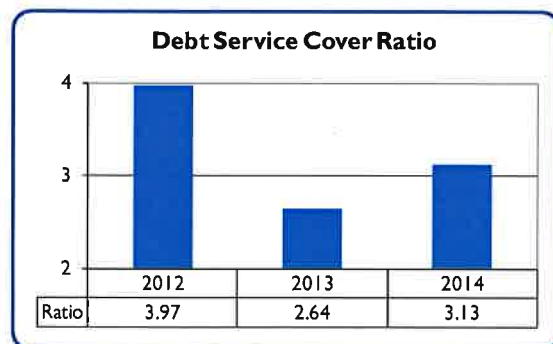
	2014	2013	Change
	\$'000	\$'000	\$'000
Net Current Assets (Working Capital) as per Accounts	7,545	7,833	(288)
Add: Payables & provisions not expected to be realised in the next 12 months included above	1,500	1,500	0
Adjusted Net Current Assets	9,045	9,333	(288)
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	822	687	135
- Employees leave entitlements	1,030	898	132
- Deposits & retention moneys	29	25	4
Less: Externally restricted assets	(5,477)	(5,061)	(416)
Less: Internally restricted assets	(769)	(619)	(150)
Available Working Capital as at 30 June	4,680	5,263	(583)

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

2.3 Debt

After repaying principal and interest of \$951,000 and taking up new borrowings of \$965,000, total debt as at 30 June 2014 stood at \$4.379 million (2013 - \$4.101 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2014, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 3.13 to 1.



2.4 Summary

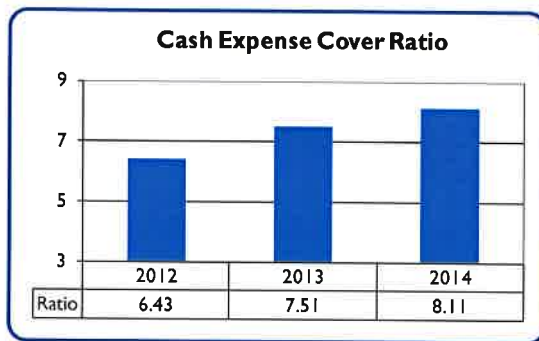
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, satisfactory.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

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

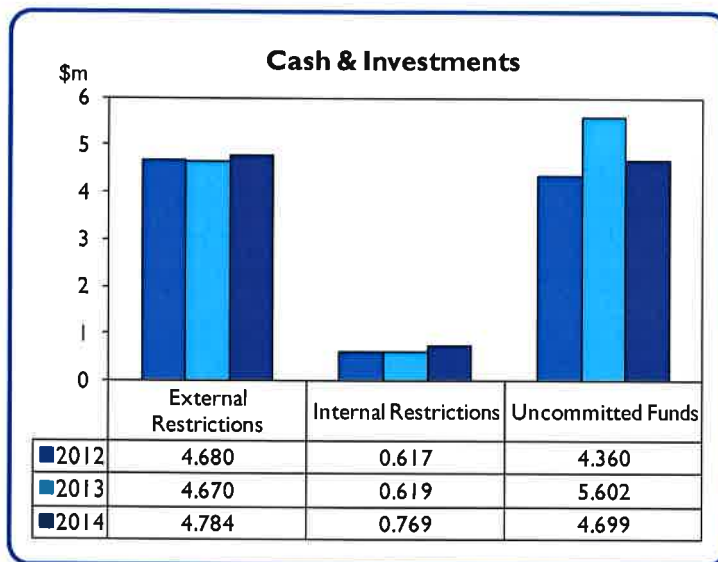
For 2014, this ratio stood at 8.11 months compared to the benchmark of 3.



3.2 Cash & Investment Securities

Cash and investments amounted \$10.252 million at 30 June 2014 as compared with \$10.891 million in 2013 and \$9.657 million in 2012.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended grants and contributions (\$315,000) and water and sewerage funds (\$4.469 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$769,000 and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$4.699 million, which is available to provide liquidity for day to day operations.

3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$520,000 to \$5.809 million at the close of the year.

In addition to operating activities which contributed net cash of \$3.501 million were the proceeds from the sale of investment securities (\$4.319 million), proceeds from new borrowings (\$965,000), and the sale of assets (\$336,000). Cash outflows other than operating activities were used to purchase investment securities (\$4.2 million), repay loans (\$687,000) and to purchase and construct assets (\$4.754 million).

4. RECEIVABLES

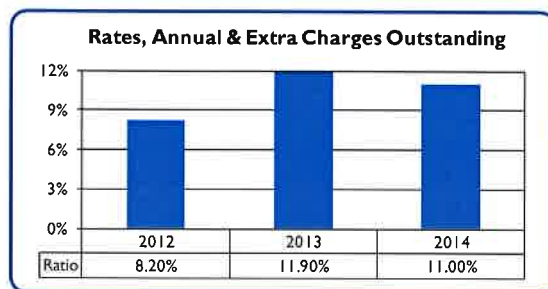
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$3.439 million and represented 19% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$3.827 million of which \$3.453 million (90%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$436,000 at the end of the year and represented 11% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$1.617 million and consisted mainly of user charges and fees (\$1.402 million) and debts owed by government departments (\$162,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$36,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$2.606 million. Internally restricted cash and investments of \$594,000 was held representing 23% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

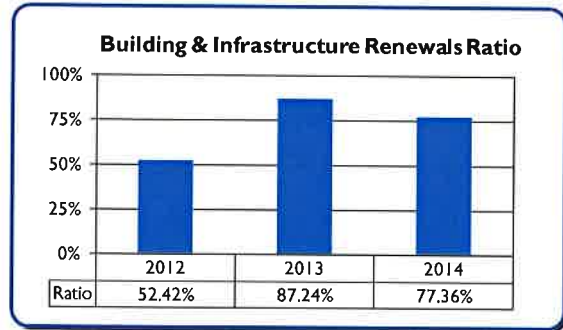
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$29,000 and were 86% funded by internally restricted cash and investments.

6. BUILDING AND INFRASTRUCTURE RENEWALS

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

Special Schedule No. 7 discloses that asset renewals for 2014 represented 77% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 20 May 2014. This included our recommendations on possible ways to strengthen and/or improve procedures and management's comments and proposed actions.

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 2014

*"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 2014

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Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	n/a
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Statement of Financial Position - Sewerage Business Activity	6
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Background

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

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

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

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

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

Bourke Shire Council

Special Purpose Financial Statements for the financial year ended 30 June 2014

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:

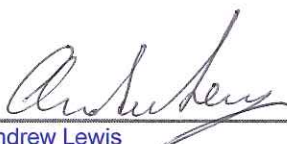
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.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

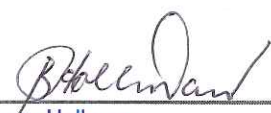
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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 22 August 2014.



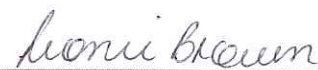
Andrew Lewis
MAYOR



Barry Hollman
COUNCILLOR



Ross Earl
GENERAL MANAGER



Leonie Brown
RESPONSIBLE ACCOUNTING OFFICER

Bourke Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	906	880
User charges	738	686
Fees	8	8
Interest	111	112
Grants and contributions provided for non capital purposes	6	6
Profit from the sale of assets	6	-
Other income	94	115
Total income from continuing operations	1,869	1,807
Expenses from continuing operations		
Employee benefits and on-costs	390	266
Borrowing costs	39	40
Materials and contracts	930	968
Depreciation and impairment	378	362
Water purchase charges	-	-
Loss on sale of assets	-	46
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	147	159
Total expenses from continuing operations	1,884	1,841
Surplus (deficit) from Continuing Operations before capital amounts	(15)	(34)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(15)	(34)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(15)	(34)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(15)	(34)
plus Opening Retained Profits	6,866	4,327
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	6,851	6,866
Return on Capital %	0.2%	0.1%
Subsidy from Council	347	397
Calculation of dividend payable:		
Surplus (deficit) after tax	(15)	(34)
less: Capital grants and contributions (excluding developer contributions)	-	-
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 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	736	722
User charges	1	2
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	81	96
Grants and contributions provided for non capital purposes	5	5
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	823	825
Expenses from continuing operations		
Employee benefits and on-costs	194	171
Borrowing costs	8	9
Materials and contracts	266	322
Depreciation and impairment	178	184
Loss on sale of assets	-	243
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	21	37
Total expenses from continuing operations	667	966
Surplus (deficit) from Continuing Operations before capital amounts	156	(141)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	156	(141)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	156	(141)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(47)	-
SURPLUS (DEFICIT) AFTER TAX	109	(141)
plus Opening Retained Profits	4,300	6,278
plus/less: Prior Period Adjustments	-	(1,837)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	47	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	4,456	4,300
Return on Capital %	2.1%	-1.7%
Subsidy from Council	115	427
Calculation of dividend payable:		
Surplus (deficit) after tax	109	(141)
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	109	-
Potential Dividend calculated from surplus	55	-

Bourke Shire Council

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

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	2,445	2,368
Investments	-	-
Receivables	771	325
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,216	2,693
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,419	10,699
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	10,419	10,699
TOTAL ASSETS	13,635	13,392
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	43	36
Interest bearing liabilities	535	26
Provisions	-	-
Total Current Liabilities	578	62
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	535
Provisions	-	-
Total Non-Current Liabilities	-	535
TOTAL LIABILITIES	578	597
NET ASSETS	13,057	12,795
EQUITY		
Retained earnings	6,851	6,866
Revaluation reserves	6,206	5,929
Council equity interest	13,057	12,795
Non-controlling equity interest	-	-
TOTAL EQUITY	13,057	12,795

Bourke Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	2,098	1,841
Investments	-	-
Receivables	209	130
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	2,307	1,971
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	7,843	7,814
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	7,843	7,814
TOTAL ASSETS	10,150	9,785
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	91	2
Provisions	-	-
Total Current Liabilities	91	2
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	92
Provisions	-	-
Total Non-Current Liabilities	-	92
TOTAL LIABILITIES	91	94
NET ASSETS	10,059	9,691
EQUITY		
Retained earnings	4,456	4,300
Revaluation reserves	5,603	5,391
Council equity interest	10,059	9,691
Non-controlling equity interest	-	-
TOTAL EQUITY	10,059	9,691

Bourke Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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 2014

Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

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

Council has no Category 1 Business Activities.

Category 2

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

a. Bourke Shire Council Water Supplies

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

b. Bourke Shire Council Sewerage Service

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

Monetary Amounts

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

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

(i) Taxation Equivalent Charges

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

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

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

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 2014 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 2014

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2014

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	4,152
(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	41,520
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(261,000)

2014 Surplus	(15,000)	2013 Surplus	(34,000)	2012 Surplus	(212,000)
		2013 Dividend	-	2012 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 2014Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

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	1,752
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)]	%	45.16%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	10,190
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,467
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	57
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)]	%	-0.89%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

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

Bourke Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2014

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	3,660
(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]	54,600
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	36,600
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	41,000

2014 Surplus	109,200	2013 Surplus	(141,000)	2012 Surplus	72,800
		2013 Dividend	-	2012 Dividend	

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	36,600
(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 2014Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

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	742
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	7,806
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	481
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	-
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	1.06%
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	2,500
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.44%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	57
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)]	%	-0.05%
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 2014Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

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)]	%	-16.94%
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	141
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 2014, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Independence

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

Auditor's Opinion

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

Basis of Accounting

Without modifying our opinion, we draw attention to Note I to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the 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 30th day of October 2014

Bourke Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2014

*"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 2014

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

Background

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

Bourke Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	215	-	-	(215)
Administration	2,163	1,199	-	(964)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	453	300	-	(153)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	116	8	-	(108)
Other	4	-	-	(4)
Total Public Order & Safety	573	308	-	(265)
Health	539	44	-	(495)
Environment				
Noxious Plants and Insect/Vermin Control	123	58	-	(65)
Other Environmental Protection	173	2	-	(171)
Solid Waste Management	625	447	-	(178)
Street Cleaning	-	-	-	-
Drainage	99	144	-	45
Stormwater Management	-	-	-	-
Total Environment	1,020	651	-	(369)
Community Services and Education				
Administration & Education	34	46	-	12
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	12	-	-	(12)
Children's Services	-	-	-	-
Total Community Services & Education	46	46	-	-
Housing and Community Amenities				
Public Cemeteries	168	22	-	(146)
Public Conveniences	-	-	-	-
Street Lighting	124	21	-	(103)
Town Planning	12	15	-	3
Other Community Amenities	363	87	-	(276)
Total Housing and Community Amenities	667	145	-	(522)
Water Supplies	1,759	1,744	-	(15)
Sewerage Services	622	778	-	156

Bourke Shire Council

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

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	246	28	-	(218)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	55	-	-	(55)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	55	5	-	(50)
Sporting Grounds and Venues	387	4	-	(383)
Swimming Pools	188	-	-	(188)
Parks & Gardens (Lakes)	611	-	-	(611)
Other Sport and Recreation	61	(14)	-	(75)
Total Recreation and Culture	1,603	23	-	(1,580)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	13	-	13
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	13	-	13
Transport and Communication				
Urban Roads (UR) - Local	7,276	2,847	-	(4,429)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	501	-	-	(501)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	214	400	-	186
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	108	-	-	(108)
Aerodromes	294	4	-	(290)
Other Transport & Communication	820	4,847	754	4,781
Total Transport and Communication	9,213	8,098	754	(361)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,146	343	-	(803)
Total Economic Affairs	1,146	343	-	(803)
Totals – Functions	19,566	13,392	754	(5,420)
General Purpose Revenues ⁽²⁾		4,100		4,100
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	19,566	17,492	754	(1,320)

(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 2014

\$'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	687	3,414	4,101	965	687	-	-	264	-	4,379	4,379
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	687	3,414	4,101	965	687	-	-	264	-	4,379	4,379
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	687	3,414	4,101	965	687	-	-	264	-	4,379	4,379

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 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	259	165
b. Engineering and Supervision	141	130
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	38
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	136	138
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	1	1
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	-	10
i. Maintenance expenses	66	30
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	636	477
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	228	224
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	340	334
b. Plant and equipment	38	28
4. Miscellaneous expenses		
a. Interest expenses	39	40
b. Revaluation Decrements	-	-
c. Other expenses	-	-
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	1,884	1,703

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 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges		
a. Access (including rates)	906	769
b. Usage charges	746	694
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	-	-
9. Interest income	111	112
10. Other income	94	124
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	6	6
c. Other grants	-	-
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	<u>1,863</u>	<u>1,705</u>
14. Gain (or loss) on disposal of assets	6	(36)
15. Operating Result	<u>(15)</u>	<u>(34)</u>
15a. Operating Result (less grants for acquisition of assets)	(15)	(34)

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 2014

\$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	21	-
b. New Assets for Growth	-	-
c. Renewals	36	25
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	28	24
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	85	49
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	1,031	1,029
b. Residential (unoccupied, ie. vacant lot)	114	113
c. Non-residential (occupied)	158	160
d. Non-residential (unoccupied, ie. vacant lot)	81	81
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$	10,742

Bourke Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2014

\$'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"/>
** 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 2014

\$'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	2,445	-	2,445
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	352	-	352
c. User Charges	-	-	-
d. Other	419	-	419
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	10,190	10,190
b. Plant and equipment	-	229	229
34. Other assets	-	-	-
35. Total assets	<u>3,216</u>	<u>10,419</u>	<u>13,635</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	43	-	43
38. Borrowings			
a. Loans	535	-	535
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>578</u>	<u>-</u>	<u>578</u>
41. NET ASSETS COMMITTED	<u>2,638</u>	<u>10,419</u>	<u>13,057</u>
EQUITY			
42. Accumulated surplus			6,851
43. Asset revaluation reserve			6,206
44. TOTAL EQUITY			<u>13,057</u>
Note to system assets:			
45. Current replacement cost of system assets			22,644
46. Accumulated current cost depreciation of system assets			(12,454)
47. Written down current cost of system assets			<u>10,190</u>

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 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	164	65
b. Engineering and Supervision	47	74
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	15
b. Maintenance expenses	80	17
- Pumping Stations		
c. Operation expenses (excluding energy costs)	46	30
d. Energy costs	21	29
e. Maintenance expenses	94	80
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	29	51
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	178	184
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	8	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	667	685

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 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges (including rates)	631	580
7. Non-residential charges		
a. Access (including rates)	106	98
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	81	96
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	823	787
15. Gain (or loss) on disposal of assets	-	(243)
16. Operating Result	156	(141)
16a. Operating Result (less grants for acquisition of assets)	156	(141)

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 2014

\$'000	Actuals 2014	Actuals 2013
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
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	-	552
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	3	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	3	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,092	1,052
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	128	169
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)	\$ 9,231	\$ 9,146

Bourke Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2014

\$'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 2014

\$'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	2,024	-	2,024
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	129	-	129
c. User Charges	-	-	-
d. Other	80	-	80
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	135	7,671	7,806
b. Plant and equipment	-	37	37
35. Other assets	-	-	-
36. Total Assets	2,442	7,708	10,150
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	91	-	91
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	91	-	91
42. NET ASSETS COMMITTED	2,351	7,708	10,059
EQUITY			
42. Accumulated surplus			4,456
44. Asset revaluation reserve			5,603
45. TOTAL EQUITY			10,059
Note to system assets:			
46. Current replacement cost of system assets			15,020
47. Accumulated current cost depreciation of system assets			(7,214)
48. Written down current cost of system assets			7,806

Bourke Shire Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2014

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Bourke Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Buildings	Council Offices	1,300	21	21	1,708			100%		0%
	Council Works Depot	-	15	15	1,828			100%		0%
	Council Public Halls	400	10	10	2,439			100%		0%
	Council Houses	-	21	15	1,691			100%		0%
	RFS & SES	-	5	5	1,434			100%		0%
	Medical	-	12	12	1,234			100%		0%
	Sport Complex	-	2	2	1,407		75%	25%		0%
	Airport Terminal	-	22	22	430	100%				0%
	Back O'Bouke Centre	-	55	55	5,870		100%			0%
	Swimming Pool	-	30	30	667		85%	15%		0%
	Other	400	2	2	5,241			100%		0%
sub total	2,100	195	189	23,949	1.8%	31.3%	66.9%	0.0%	0.0%	
Other Structures	Other Structures	-	36	36	2,708		30%	60%	10%	0%
	sub total	-	36	36	2,708	0.0%	30.0%	60.0%	10.0%	0.0%
Roads	Town & Village Roads	-	150	150	4,668			100%		0%
	Roads Other	13,500	3,579	3,579	113,636			100%		0%
	Bridges	-	61	64	14,693	29%	21%	38%	12%	0%
	Footpaths	1,000	41	41	1,683		10%	90%		0%
	Cycle ways	-	10	10	434	50%		50%		0%
	Kerb and Gutter	2,000	34	34	3,415			100%		0%
	Airport Runway	-	144	144	1,808			100%		0%
sub total	16,500	4,019	4,022	140,338	3.2%	2.3%	93.2%	1.3%	0.0%	

Bourke Shire Council

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Water Supply Network	Reservoirs	-	5	5	2,425		100%			0%
	Pump Station	-	80	80	906			100%		0%
	Treatment Plants	3,000	100	100	548			100%		0%
	Pipeline	5,000	200	200	6,257			100%		0%
	Inlet Works	100	20	20	45			100%		0%
	Telemetry/Ancillary	-	10	10	9			100%		0%
	sub total	8,100	415	415	10,190	0.0%	23.8%	76.2%	0.0%	0.0%
Sewerage Network	Pumping Stations	2,000	10	40	2,394		15%	85%		0%
	Treatment Works	-	5	5	556			100%		0%
	Pipelines	2,500	200	200	4,831			100%		0%
	Telemetry/Ancillary	-	10	10	25			100%		0%
	sub total	4,500	225	255	7,806	0.0%	4.6%	95.4%	0.0%	0.0%
Stormwater Drainage	Outfall Structures	500	50	10	2,899			100%		0%
	sub total	500	50	10	2,899	0.0%	0.0%	100.0%	0.0%	0.0%
Open Space/ Rec. Assets	Open Spaces/Recreational	-	670	670	3,968			100%		0%
	sub total	-	670	670	3,968	0.0%	0.0%	100.0%	0.0%	0.0%

Bourke Shire Council

Special Schedule No. 7 - Condition of Public Works (continued)

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Swimming Pools	Swimming Pools	2,700	40	40	897				100%	0%
	sub total	2,700	40	40	897	0.0%	0.0%	0.0%	100.0%	0.0%
Levee Banks	Levee Banks	200	2	2	10,123			100%		0%
	sub total	200	2	2	10,123	0.0%	0.0%	100.0%	0.0%	0.0%
	TOTAL - ALL ASSETS	34,600	5,652	5,639	202,878	2.4%	7.1%	89.1%	1.4%	0.0%

Notes:

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

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

Bourke Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	<u>2,553</u>	77.36%	87.24%	52.42%
Depreciation, Amortisation & Impairment	<u>3,300</u>			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>34,600</u>	0.18	n/a	n/a
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>191,858</u>			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>5,639</u>	1.00	n/a	n/a
Required Asset Maintenance	<u>5,652</u>			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>3,628</u>	0.81	n/a	n/a
Annual Depreciation	<u>4,458</u>			

Notes

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

⁽²⁾ Written down value

Bourke Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

\$ '000	Water 2014	Sewer 2014	General ⁽¹⁾ 2014
Infrastructure Asset Performance Indicators By Fund			
1. Building and Infrastructure Renewals Ratio			
<u>Asset Renewals (Building and Infrastructure)⁽¹⁾</u>	0.00%	0.00%	90.89%
Depreciation, Amortisation & Impairment			
2. Infrastructure Backlog Ratio			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	0.79	0.58	0.13
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
3. Asset Maintenance Ratio			
<u>Actual Asset Maintenance</u>	1.00	1.13	0.99
Required Asset Maintenance			
4. Capital Expenditure Ratio			
<u>Annual Capital Expenditure</u>	0.15	0.00	0.92
Annual Depreciation			

Notes

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

⁽²⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽³⁾ Written down value

Bourke Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual ⁽¹⁾ 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	Forecast ⁽³⁾ 23/24
(i) OPERATING BUDGET											
Income from continuing operations	18,246	22,063	25,043	24,370	22,444	23,532	23,850	25,182	23,977	24,431	25,164
Expenses from continuing operations	19,566	21,180	21,623	22,147	22,637	23,144	23,655	24,160	24,686	25,134	25,762
Operating Result from Continuing Operations	(1,320)	883	3,420	2,223	(193)	388	195	1,022	(709)	(703)	(598)
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	345	2,930	3,300	120	350	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	3,678	8,086	3,484	5,100	2,963	3,239	3,929	4,489	1,793	1,818	2,380
Total Capital Budget	4,023	11,016	6,784	5,220	3,313	3,239	3,929	4,489	1,793	1,818	2,380
Funded by:											
- Loans	965	1,388	1,005	672	966	790	619	675	590	590	640
- Asset sales	-	-	-	-	-	-	-	-	-	-	-
- Reserves	42	2,030	410	552	382	280	280	1,422	431	342	400
- Grants/Contributions	2,321	7,275	4,970	3,532	1,450	1,633	2,590	2,015	410	520	947
- Recurrent revenue	695	323	399	464	515	536	440	377	362	366	393
- Other	-	-	-	-	-	-	-	-	-	-	-
	4,023	11,016	6,784	5,220	3,313	3,239	3,929	4,489	1,793	1,818	2,380

Notes:

(1) From 13/14 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.

Bourke Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	1,626	1,677
Plus or minus Adjustments ⁽²⁾	b	(2)	-
Notional General Income	c	1,624	1,677
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	55	39
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	1,679	1,716
plus (or minus) last year's Carry Forward Total	l	(1)	4
less Valuation Objections claimed in the previous year	m	-	(3)
sub-total	n = (l + m)	(1)	1
Total Permissible income	o = k + n	1,678	1,717
less Notional General Income Yield	p	1,677	1,715
Catch-up or (excess) result	q = o - p	1	2
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	3	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	4	2

Notes

- ¹ The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- ² Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- ³ The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- ⁴ Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- ⁵ Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

BOURKE SHIRE COUNCIL
SPECIAL SCHEDULE NO. 9
INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Bourke Shire Council for the year ending 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

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In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Independence

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

Audit Opinion

In our opinion, Special Schedule No. 9 of Bourke Shire Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

HILL ROGERS SPENCER STEER



GARY MOTTAU

Partner

Dated at Sydney this 30th day of October 2014