

BATHURST
REGIONAL COUNCIL

FINANCIAL STATEMENTS 2013-2014

Bathurst Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

*"A vibrant regional centre that enjoys a rural lifestyle, the
Bathurst Region achieves health and well being through
strengthening economic opportunities, planning for sustainable
growth, protecting and enhancing our assets, and encouraging
a supportive and inclusive community.
A Region full of community spirit and shared prosperity"*



Bathurst Regional 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 Bathurst Regional Council.

(ii) Bathurst Regional 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 08 October 2014. Council has the power to amend and reissue these financial statements.

Bathurst Regional 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.

Bathurst Regional 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 17 September 2014.



Gary Rush
MAYOR



Ian North
COUNCILLOR


David Sherley
GENERAL MANAGER
Robert Roach
RESPONSIBLE ACCOUNTING OFFICER

Bathurst Regional 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:				
33,065	Rates & Annual Charges	3a	32,874	31,177
19,039	User Charges & Fees	3b	23,980	21,221
4,082	Interest & Investment Revenue	3c	3,246	3,605
2,835	Other Revenues	3d	4,144	3,636
12,584	Grants & Contributions provided for Operating Purposes	3e,f	9,208 ²	14,504
6,420	Grants & Contributions provided for Capital Purposes	3e,f	8,797	4,578
Other Income:				
12,703	Net gains from the disposal of assets	5	9,452	7,258
90,728	Total Income from Continuing Operations		91,701	85,979
Expenses from Continuing Operations				
26,897	Employee Benefits & On-Costs	4a	26,705	26,890
1,680	Borrowing Costs	4b	1,549	1,182
22,002	Materials & Contracts	4c	23,106	21,299
17,219	Depreciation & Amortisation	4d	17,600	17,266
10,380	Other Expenses	4e	8,810	9,568
78,178	Total Expenses from Continuing Operations		77,770	76,205
12,550	Operating Result from Continuing Operations		13,931	9,774
12,550	Net Operating Result for the Year		13,931	9,774
12,550	Net Operating Result attributable to Council		13,931	9,774
6,130	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		5,134	5,196

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)

Bathurst Regional 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)		13,931	9,774
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	6,573	10,459
Total Items which will not be reclassified subsequently to the Operating Result		6,573	10,459
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		6,573	10,459
Total Comprehensive Income for the Year		20,504	20,233
Total Comprehensive Income attributable to Council		20,504	20,233

Bathurst Regional Council

Statement of Financial Position
as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	8,009	2,913
Investments	6b	55,000	59,700
Receivables	7	7,911	8,590
Inventories	8	2,175	1,853
Other	8	112	200
Total Current Assets		73,207	73,256
Non-Current Assets			
Investments	6b	24,000	12,000
Receivables	7	666	672
Inventories	8	5,426	3,639
Infrastructure, Property, Plant & Equipment	9	968,487	960,516
Investment Property	14	9,790	9,487
Total Non-Current Assets		1,008,369	986,314
TOTAL ASSETS		1,081,576	1,059,570
LIABILITIES			
Current Liabilities			
Payables	10	4,176	3,300
Borrowings	10	3,286	6,189
Provisions	10	9,824	9,434
Total Current Liabilities		17,286	18,923
Non-Current Liabilities			
Payables	10	1,181	1,150
Borrowings	10	18,860	15,860
Provisions	10	4,049	3,941
Total Non-Current Liabilities		24,090	20,951
TOTAL LIABILITIES		41,376	39,874
Net Assets		1,040,200	1,019,696
EQUITY			
Retained Earnings	20	600,334	586,403
Revaluation Reserves	20	439,866	433,293
Council Equity Interest		1,040,200	1,019,696
Total Equity		1,040,200	1,019,696

Bathurst Regional 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)		586,403	433,293	1,019,696	-	1,019,696
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)		586,403	433,293	1,019,696	-	1,019,696
c. Net Operating Result for the Year		13,931	-	13,931	-	13,931
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	6,573	6,573	-	6,573
Other Comprehensive Income		-	6,573	6,573	-	6,573
Total Comprehensive Income (c&d)		13,931	6,573	20,504	-	20,504
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		600,334	439,866	1,040,200	-	1,040,200

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		576,629	422,834	999,463	-	999,463
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		576,629	422,834	999,463	-	999,463
c. Net Operating Result for the Year		9,774	-	9,774	-	9,774
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,459	10,459	-	10,459
Other Comprehensive Income		-	10,459	10,459	-	10,459
Total Comprehensive Income (c&d)		9,774	10,459	20,233	-	20,233
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		586,403	433,293	1,019,696	-	1,019,696

Bathurst Regional 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:				
33,065	Rates & Annual Charges		32,887	31,239
19,039	User Charges & Fees		25,025	21,583
4,082	Investment & Interest Revenue Received		3,268	3,622
19,005	Grants & Contributions		19,769	20,333
-	Bonds, Deposits & Retention amounts received		96	100
2,835	Other		6,778	6,759
Payments:				
(26,896)	Employee Benefits & On-Costs		(26,359)	(27,271)
(22,002)	Materials & Contracts		(24,703)	(23,734)
(1,680)	Borrowing Costs		(1,474)	(1,100)
(10,380)	Other		(11,305)	(12,059)
17,068	Net Cash provided (or used in) Operating Activities	11b	23,982	19,472
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		59,700	48,435
12,703	Sale of Real Estate Assets		10,143	7,681
889	Sale of Infrastructure, Property, Plant & Equipment		1,905	1,046
Payments:				
-	Purchase of Investment Securities		(67,000)	(53,700)
-	Purchase of Investment Property		(18)	(173)
(29,939)	Purchase of Infrastructure, Property, Plant & Equipment		(20,910)	(21,213)
(4,512)	Purchase of Real Estate Assets		(2,803)	(454)
-	Deferred Debtors & Advances Made		-	(155)
(20,859)	Net Cash provided (or used in) Investing Activities		(18,983)	(18,533)
Cash Flows from Financing Activities				
Receipts:				
3,000	Proceeds from Borrowings & Advances		3,000	-
Payments:				
(3,243)	Repayment of Borrowings & Advances		(2,903)	(2,867)
(243)	Net Cash Flow provided (used in) Financing Activities		97	(2,867)
(4,034)	Net Increase/(Decrease) in Cash & Cash Equivalents		5,096	(1,928)
3,000	plus: Cash & Cash Equivalents - beginning of year	11a	2,913	4,841
(1,034)	Cash & Cash Equivalents - end of the year	11a	8,009	2,913
	plus: Investments on hand - end of year	6b	79,000	71,700
	Total Cash, Cash Equivalents & Investments		87,009	74,613

Please refer to Note 11 for information on the following:

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

Bathurst Regional Council

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

Bathurst Regional 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 and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

rateable property or, where earlier, upon receipt of the rates.

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

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

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

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

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).

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

(i) The Consolidated Fund

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

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

The following entities have been included as part of the Consolidated Fund:

- *General Purpose Operations*
- *Bathurst Regional Council Water Supply Fund*
- *Bathurst Regional Council Sewerage 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 a member of the following County Council (which are bodies corporate under the Local Government Act);

- ***Upper Macquarie County Council***
Noxious Weeds Control Authority
4 Constituent Councils - Bathurst, Blayney, Lithgow and Oberon

The governing body of the County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Council and accordingly this entity has not been consolidated or otherwise included within these financial statements.

(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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

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 Statement of Cash Flows.

(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 reporting date which are classified as non-current assets.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting 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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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 reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(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.

(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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

- **Investment Properties** – refer Note 1(p),

Bathurst Regional Council

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

Note 1. Summary of Significant Accounting Policies

- **Water and Sewerage Networks**
(Internal 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**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$5,000

Buildings & Land Improvements

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

Other Structures	> \$5,000
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Water & Sewer Assets

Reticulation extensions	> \$10,000
Other	> \$10,000

Stormwater Assets

Drains & Culverts	> \$10,000
Other	> \$10,000

Transport Assets

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

Bridge construction & reconstruction	> \$10,000
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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	3 to 10 years
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- Office furniture	3 to 10 years
- Computer Equipment	3 years
- Vehicles	5 years
- Heavy Plant/Road Making equip.	10 years
- Other plant and equipment	5 to 10 years

Other Equipment

- Library Books	5 years
- Artworks & Heritage Collections	100 years
- Mobile Garbage Bins	10 years
- Playground equipment	10 years
- Benches, seats etc	10 years

Buildings

- Buildings	100 years
- Structures	10 to 50 years

Stormwater Drainage

- Drainage Assets	100 years
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Transportation Assets

- Sealed Roads : Surface	20 to 25 years
- Sealed Roads : Pavement	80 years
- Unsealed roads	100 years
- Bridge : Concrete	80 years
- Footpaths	50 years

Water & Sewer Assets

- Water Assets	40 to 100 years
- Sewer Assets	25 to 70 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

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

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

The last full revaluation for Council's Investment Properties was dated 30 June 2013.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

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

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

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

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

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

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

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

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

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

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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

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

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

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

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

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

(s) 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.

(t) 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.

(u) 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 Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(v) 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.

(w) 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.

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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.

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

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

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

Defined Contribution Plans

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

(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.

(y) Self insurance

Council does not self insure.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(z) 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.

(aa) 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 Statement of Financial Position 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 Statement of Financial Position.

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

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

(ab) 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 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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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.

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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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 does not currently have any joint venture arrangements, 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.

(ac) Rounding of amounts

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

(ad) 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.

(ae) Disclaimer

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

Bathurst Regional 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	-	-	-	1,874	1,962	1,982	(1,874)	(1,962)	(1,982)	-	-	189	92
Administration	3,468	1,494	1,680	14,257	11,994	12,130	(10,789)	(10,500)	(10,450)	-	-	40,117	39,312
Public Order & Safety	746	573	594	1,799	1,378	1,326	(1,053)	(805)	(732)	276	348	3,592	3,620
Health	-	-	-	-	-	-	-	-	-	-	-	109	78
Environment	6,449	8,026	8,245	5,238	6,729	8,019	1,211	1,297	226	1,601	341	96,671	94,084
Community Services & Education	3,264	2,625	2,938	3,193	2,853	3,092	71	(228)	(154)	1,574	1,783	9,978	9,352
Housing & Community Amenities	86	240	533	2,360	2,529	2,904	(2,274)	(2,289)	(2,371)	150	175	8,915	9,210
Water Supplies	11,265	14,174	11,874	8,567	8,498	7,879	2,698	5,676	3,995	103	121	187,603	180,700
Sewerage Services	9,533	10,721	9,645	6,752	6,632	6,365	2,781	4,089	3,280	103	101	110,693	106,390
Recreation & Culture	5,165	8,186	4,958	11,760	15,518	13,803	(6,595)	(7,332)	(8,845)	3,422	893	154,357	154,655
Mining, Manufacturing & Construction	1,179	868	878	1,422	1,321	1,328	(243)	(453)	(450)	-	-	208	209
Transport & Communication	7,808	7,311	7,006	18,177	15,998	15,296	(10,369)	(8,687)	(8,290)	857	934	441,228	438,093
Economic Affairs	14,295	11,195	9,176	2,779	2,358	2,081	11,516	8,837	7,095	-	15	27,916	23,775
Total Functions & Activities	63,258	65,413	57,527	78,178	77,770	76,205	(14,920)	(12,357)	(18,678)	8,086	4,711	1,081,576	1,059,570
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	27,470	26,288	28,452	-	-	-	27,470	26,288	28,452	3,380	6,417	-	-
Operating Result from Continuing Operations	90,728	91,701	85,979	78,178	77,770	76,205	12,550	13,931	9,774	11,466	11,128	1,081,576	1,059,570

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

Bathurst Regional 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.

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.

Bathurst Regional 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		13,522	12,867
Farmland		1,978	1,910
Mining		11	11
Business		5,318	5,150
Total Ordinary Rates		20,829	19,938
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		3,090	2,911
Water Supply Services		1,761	1,602
Sewerage Services		6,501	6,087
Waste Management Services (non-domestic)		658	639
Section 611 Charges		35	-
Total Annual Charges		12,045	11,239
TOTAL RATES & ANNUAL CHARGES		32,874	31,177

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

Bathurst Regional 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		9,968	8,705
Sewerage Services		1,284	1,215
Waste Management Services (non-domestic)		2,263	1,764
Total User Charges		13,515	11,684
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		1,207	1,046
Private Works - Section 67		111	131
Section 603 Certificates		81	71
Total Fees & Charges - Statutory/Regulatory		1,399	1,248
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Advertising		76	72
Aerodrome		304	280
Art Gallery		3	8
Cemeteries		50	236
Chifley Home		11	10
Child Care		1,023	1,142
Entertainment Centre		511	513
Library & Art Gallery		54	47
Mount Panorama		2,010	2,096
National Motor Racing Museum		225	237
RMS (formerly RTA) Charges (State Roads not controlled by Council)		3,608	2,455
Sewerage		797	802
Tourism		123	166
Water		210	169
Other		61	56
Total Fees & Charges - Other		9,066	8,289
TOTAL USER CHARGES & FEES		23,980	21,221

Bathurst Regional 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)		252	274
- Interest earned on Investments (interest & coupon payment income)		3,046	3,745
Less: Interest deducted for Capitalised Borrowing Costs		(52)	(414)
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>3,246</u>	<u>3,605</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		252	58
General Council Cash & Investments		770	280
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		128	114
- Section 64		452	471
Water Fund Operations		110	104
Sewerage Fund Operations		163	170
Domestic Waste Management operations		24	134
Other Externally Restricted Assets Unexpended Loans		52	515
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		1,295	1,759
<u>Total Interest & Investment Revenue Recognised</u>		<u>3,246</u>	<u>3,605</u>
(d) Other Revenues			
Fair Value Adjustments - Investment Properties	14	285	316
Rental Income - Investment Properties	14	781	797
Rental Income - Other Council Properties		925	908
Fines		60	48
Fines - Parking		173	218
Legal Fees Recovery - Rates & Charges (Extra Charges)		1	3
Legal Fees Recovery - Other		2	-
Commissions & Agency Fees		54	36
Diesel Rebate		93	80
Insurance Claim Recoveries		50	97
Insurance Rebates		92	207
Mount Panorama		302	272
Recycling Income (non domestic)		138	1
Sales - Miscellaneous		195	289
Recovery of Lehamn Brothers Investment		143	128
Legal Fees Recovery - Local Government Financial Services		652	-
Other		198	236
<u>TOTAL OTHER REVENUE</u>		<u>4,144</u>	<u>3,636</u>

Bathurst Regional 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	3,092	6,135	-	-
Pensioners' Rates Subsidies - General Component	288	282	-	-
Total General Purpose	3,380	6,417	-	-

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	103	101	-	-
- Sewerage	103	101	-	-
- Domestic Waste Management	66	64	-	-
Water Supplies	-	-	-	20
Bushfire & Emergency Services	276	328	-	20
Community Care	1,570	1,783	-	-
Community Centres	4	76	-	-
Economic Development	-	15	-	-
Environmental Protection	182	140	-	-
Flood Restoration	-	-	540	137
Heritage & Cultural	442	562	-	96
Mount Panorama	-	-	2,822	149
Recreation & Culture	85	-	-	10
Strategic Planning	42	67	-	-
Street Lighting	108	108	-	-
Transport (Roads to Recovery)	857	857	-	-
Waste Management	813	-	-	-
Other	61	77	12	-
Total Specific Purpose	4,712	4,279	3,374	432
Total Grants	8,092	10,696	3,374	432

Grant Revenue is attributable to:

- Commonwealth Funding	5,641	8,218	3,323	149
- State Funding	1,469	1,561	51	283
- Other Funding	982	917	-	-
	8,092	10,696	3,374	432

Bathurst Regional 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):				
S 94 - Contributions towards amenities/services	-	-	669	507
S 64 - Water Supply Contributions	-	-	1,392	487
S 64 - Sewerage Service Contributions	-	-	1,264	465
Total Developer Contributions	17	-	3,325	1,459
Other Contributions:				
Art Gallery	-	-	150	146
Bushfire Services	14	-	-	-
Car Parking Enforcement	21	44	-	-
Community Services	-	-	20	-
Dedications (other than by S94)	-	-	912	1,531
Heritage/Cultural	-	14	-	-
Other Councils - Joint Works/Services	153	141	-	-
Recreation & Culture	-	-	90	257
Roads & Bridges	-	-	140	50
RMS Contributions (Regional Roads, Block Grant)	905	3,580	-	-
Sewerage (excl. Section 64 contributions)	-	-	413	354
Water Supplies (excl. Section 64 contributions)	-	-	359	275
Other	23	29	14	74
Total Other Contributions	1,116	3,808	2,098	2,687
Total Contributions	1,116	3,808	5,423	4,146
TOTAL GRANTS & CONTRIBUTIONS	9,208	14,504	8,797	4,578

\$ '000	Actual 2014	Actual 2013
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(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	32,058	30,009
add: Grants & contributions recognised in the current period but not yet spent:	6,981	6,658
less: Grants & contributions recognised in a previous reporting period now spent:	(5,048)	(4,609)

Net Increase (Decrease) in Restricted Assets during the Period

Unexpended and held as Restricted Assets	33,991	32,058
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Comprising:

- Specific Purpose Unexpended Grants	2,741	4,870
- Developer Contributions	31,250	27,188
	33,991	32,058

Bathurst Regional 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		19,111	18,775
Travelling		546	552
Employee Leave Entitlements (ELE)		3,700	2,948
Superannuation		2,640	2,534
Workers' Compensation Insurance		225	1,602
Fringe Benefit Tax (FBT)		183	201
Payroll Tax		176	169
Training Costs (other than Salaries & Wages)		240	235
Protective Clothing		2	-
Other		91	82
Total Employee Costs		26,914	27,098
less: Capitalised Costs		(209)	(208)
TOTAL EMPLOYEE COSTS EXPENSED		26,705	26,890
Number of "Equivalent Full Time" Employees at year end		353	350
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		1,543	1,720
Total Interest Bearing Liability Costs		1,543	1,720
less: Capitalised Costs		(80)	(631)
Total Interest Bearing Liability Costs Expensed		1,463	1,089
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	86	93
Total Other Borrowing Costs		86	93
TOTAL BORROWING COSTS EXPENSED		1,549	1,182

Bathurst Regional 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		19,296	18,757
Contractor & Consultancy Costs		739	403
Auditors Remuneration ⁽¹⁾		127	106
Legal Expenses:			
- Legal Expenses: Planning & Development		61	118
- Legal Expenses: Debt Recovery		3	1
- Legal Expenses: Other		1,033	293
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		723	639
Recycling Services		1,124	982
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>23,106</u>	<u>21,299</u>
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		61	60
- Audit & review of financial statements: Other Consolidated Entity Auditors		3	-
Remuneration for audit and other assurance services		<u>64</u>	<u>60</u>
(ii) Taxation Services			
- Tax compliance services		-	1
Remuneration for taxation services		<u>-</u>	<u>1</u>
(iii) Other Services			
- Internal Auditor		63	37
- Audit and Risk Management Committee		-	8
Remuneration for other services		<u>63</u>	<u>45</u>
Total Auditor Remuneration		<u>127</u>	<u>106</u>
2. Operating Lease Payments are attributable to:			
Computers		723	639
		<u>723</u>	<u>639</u>

Bathurst Regional Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	1,896	1,836
Office Equipment		-	-	202	161
Furniture & Fittings		-	-	29	36
Land Improvements (depreciable)		-	-	272	262
Buildings - Non Specialised		-	-	818	751
Buildings - Specialised		-	-	268	448
Other Structures		-	-	495	466
Infrastructure:					
- Roads		-	-	5,601	5,592
- Bridges		-	-	643	640
- Footpaths		-	-	104	104
- Stormwater Drainage		-	-	883	857
- Water Supply Network		-	-	3,263	3,150
- Sewerage Network		-	-	2,608	2,496
- Swimming Pools		-	-	136	118
Other Assets					
- Heritage Collections		-	-	78	78
- Library Books		-	-	167	136
- Other		-	-	84	82
Asset Reinstatement Costs	9 & 26	-	-	53	53
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		-	-	17,600	17,266

Bathurst Regional 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		515	562
Bad & Doubtful Debts		(79)	65
Bank Charges		126	131
Cleaning		538	462
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		-	52
- NSW Fire Brigade Levy		186	200
- NSW Rural Fire Service Levy		243	277
- Waste Levy		36	-
Councillor Expenses - Mayoral Fee		38	37
Councillor Expenses - Councillors' Fees		157	151
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		48	37
Donations, Contributions & Assistance to other organisations (Section 356)		123	143
- Footpath & Gutter Maintenance		56	78
- Somerville Collection		219	106
Election Expenses		-	212
Electricity & Heating		2,442	2,562
Fire Control Expenses		1	-
Insurance		1,246	1,493
Office Expenses (including computer expenses)		33	25
Postage		108	109
Printing & Stationery		315	411
Street Lighting		1,047	1,230
Subscriptions & Publications		678	461
Telephone & Communications		390	361
Upper Macquarie County Council (Noxious Weeds)		202	195
Valuation Fees		142	109
Other		-	99
<u>TOTAL OTHER EXPENSES</u>		<u>8,810</u>	<u>9,568</u>

Bathurst Regional Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
Property (excl. Investment Property)			
Proceeds from Disposal - Property		827	364
less: Carrying Amount of Property Assets Sold / Written Off		(1,356)	(154)
Net Gain/(Loss) on Disposal		(529)	210
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,078	682
less: Carrying Amount of P&E Assets Sold / Written Off		(556)	(901)
Net Gain/(Loss) on Disposal		522	(219)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		10,143	7,681
less: Carrying Amount of Real Estate Assets Sold / Written Off		(684)	(414)
Net Gain/(Loss) on Disposal		9,459	7,267
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		59,700	48,435
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(59,700)	(48,435)
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>9,452</u>	<u>7,258</u>

Bathurst Regional 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		7,509	-	2,913	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		500	-	-	-
Total Cash & Cash Equivalents		8,009	-	2,913	-
Investments (Note 6b)					
- Long Term Deposits		55,000	13,000	53,700	8,000
- NCD's, FRN's (with Maturities > 3 months)		-	11,000	6,000	4,000
Total Investments		55,000	24,000	59,700	12,000
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		63,009	24,000	62,613	12,000

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"		8,009	-	2,913	-
--	--	--------------	----------	--------------	----------

Investments

b. "Held to Maturity"	6(b-ii)	55,000	24,000	59,700	12,000
Investments		55,000	24,000	59,700	12,000

Note 6(b-i)

Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year		59,700	12,000	48,435	18,000
Additions		55,000	12,000	53,700	-
Disposals (sales & redemptions)		(59,700)	-	(48,435)	-
Transfers between Current/Non Current		-	-	6,000	(6,000)
Balance at End of Year		55,000	24,000	59,700	12,000

Comprising:

- Long Term Deposits		55,000	13,000	53,700	8,000
- NCD's, FRN's (with Maturities > 3 months)		-	11,000	6,000	4,000
Total		55,000	24,000	59,700	12,000

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	63,009	24,000	62,613	12,000
attributable to:				
External Restrictions (refer below)	36,251	24,000	43,298	12,000
Internal Restrictions (refer below)	26,170	-	18,693	-
Unrestricted	588	-	622	-
	63,009	24,000	62,613	12,000

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	8,505	3,000	(1,778)	9,727
External Restrictions - Included in Liabilities	8,505	3,000	(1,778)	9,727

External Restrictions - Other

Developer Contributions - General (D)	5,875	1,976	(27)	7,824
Developer Contributions - Water Fund (D)	12,631	1,653	(952)	13,332
Developer Contributions - Sewer Fund (D)	8,682	1,456	(44)	10,094
Specific Purpose Unexpended Grants (F)	4,863	1,896	(4,025)	2,734
Specific Purpose Unexpended Grants-Water Fund (F)	7	-	-	7
Water Supplies (G)	3,234	5,068	(3,087)	5,215
Sewerage Services (G)	8,219	3,669	(3,415)	8,473
Domestic Waste Management (G)	3,282	-	(437)	2,845
External Restrictions - Other	46,793	15,718	(11,987)	50,524
Total External Restrictions	55,298	18,718	(13,765)	60,251

A Loan moneys which must be applied for the purposes for which the loans were raised.

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

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

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

Bathurst Regional Council

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

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Administration	158	63	-	221
Aerodrome Improvements	-	300	-	300
Building Maintenance & Improvements	219	727	-	946
Carry Over Works	1,332	1,599	(952)	1,979
Cultural & Community Services	475	61	(169)	367
Economic Development	65	8	-	73
Employees Leave Entitlement	1,000	1,000	-	2,000
Environmental	372	341	(396)	317
Insurance Equalisation	200	350	-	550
Land Development	4,715	2,161	(337)	6,539
Parks	174	-	(111)	63
Plant & Vehicle Replacement	1,397	2,872	(1,662)	2,607
SES Plant	22	-	-	22
Strategic Planning	121	305	(103)	323
Tourism	67	34	(43)	58
Total Internal Restrictions - Ordinary Services	10,317	9,821	(3,773)	16,365
Depot Maintenance	25	-	-	25
Solid Waste Depot General Reserve	5,424	3,454	(1,960)	6,918
Waste Employee Leave Entitlements	90	-	-	90
Waste Management	323	318	-	641
Waste Services - Internal Restrictions	2,514	-	(383)	2,131
Total Internal Restrictions	18,693	13,593	(6,116)	26,170
TOTAL RESTRICTIONS	73,991	32,311	(19,881)	86,421

Bathurst Regional 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		2,452	236	2,466	235
Interest & Extra Charges		195	-	217	-
User Charges & Fees		2,011	-	2,137	-
Accrued Revenues					
- Other Income Accruals		1,174	-	1,301	-
Government Grants & Subsidies		211	-	947	-
Deferred Debtors		30	430	23	437
Net GST Receivable		245	-	476	-
Sundry Debtors		1,611	-	1,128	-
Other Debtors		1	-	6	-
Total		7,930	666	8,701	672
less: Provision for Impairment					
User Charges & Fees		(14)	-	(73)	-
Other Debtors		(5)	-	(38)	-
Total Provision for Impairment - Receivables		(19)	-	(111)	-
<u>TOTAL NET RECEIVABLES</u>		<u>7,911</u>	<u>666</u>	<u>8,590</u>	<u>672</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		33	-	35	-
- Rates & Availability Charges		760	73	771	72
- Other		1,836	-	2,031	-
Sewerage Services					
- Specific Purpose Grants		2	-	2	-
- Rates & Availability Charges		520	44	547	51
- Other		397	-	402	-
Total External Restrictions		3,548	117	3,788	123
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		4,363	549	4,802	549
TOTAL NET RECEIVABLES		7,911	666	8,590	672

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.

Bathurst Regional 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					
Real Estate for resale (refer below)		1,406	5,426	1,074	3,639
Stores & Materials		523	-	527	-
Trading Stock		246	-	252	-
Total Inventories		2,175	5,426	1,853	3,639
Other Assets					
Prepayments		112	-	200	-
Total Other Assets		112	-	200	-
TOTAL INVENTORIES / OTHER ASSETS		2,287	5,426	2,053	3,639
Externally Restricted Assets					
Water					
Prepayments		5	-	-	-
Total Water		5	-	-	-
Sewerage					
Prepayments		13	-	9	-
Total Sewerage		13	-	9	-
Domestic Waste Management					
Nil					
Other					
Nil					
Total Externally Restricted Assets		18	-	9	-
Total Unrestricted Assets		2,269	5,426	2,044	3,639
TOTAL INVENTORIES & OTHER ASSETS		2,287	5,426	2,053	3,639

Bathurst Regional Council

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

Note 8. Inventories & Other Assets (continued)

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
Other Disclosures				
(a) Details for Real Estate Development				
Residential	774	2,600	417	813
Industrial/Commercial	632	2,826	657	2,826
Total Real Estate for Resale	1,406	5,426	1,074	3,639
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	803	5,426	881	3,639
Development Costs	603	-	193	-
Total Costs	1,406	5,426	1,074	3,639
Total Real Estate for Resale	1,406	5,426	1,074	3,639
Movements:				
Real Estate assets at beginning of the year	1,074	3,639	1,204	3,469
- Purchases and other costs	603	2,209	193	268
- Transfers in from (out to) Note 9	-	(9)	-	(7)
- WDV of Sales (exp)	(684)	-	(414)	-
- Transfer between Current/Non Current	413	(413)	91	(91)
Total Real Estate for Resale	1,406	5,426	1,074	3,639

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Bathurst Regional Council

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 Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value
Plant & Equipment	-	22,379	13,639	-	8,740	3,185	(352)	(1,896)	-	-	22,862	13,185	-	9,677
Office Equipment	-	2,596	1,922	-	674	113	-	(202)	-	-	2,709	2,124	-	585
Furniture & Fittings	-	1,255	1,143	-	112	1	-	(29)	-	-	1,256	1,172	-	84
Land:														
- Operational Land	-	58,847	-	-	58,847	348	(780)	-	-	-	58,415	-	-	58,415
- Community Land	-	14,844	-	-	14,844	-	-	-	-	-	14,844	-	-	14,844
- Land under Roads (post 30/6/08)	-	35	-	-	35	60	-	-	-	-	95	-	-	95
Land Improvements - depreciable	-	13,807	3,264	-	10,543	1,257	-	(272)	-	-	15,064	3,536	-	11,528
Buildings - Non Specialised	-	75,625	15,189	-	60,436	621	(780)	(818)	-	-	74,905	15,446	-	59,459
Buildings - Specialised	-	54,601	6,303	-	48,298	149	-	(268)	-	-	54,750	6,571	-	48,179
Other Structures	-	17,619	4,541	-	13,078	997	-	(495)	-	-	18,616	5,036	-	13,580
Infrastructure:														
- Roads	-	351,220	90,329	-	260,891	5,532	-	(5,601)	-	-	356,755	95,933	-	260,822
- Bridges	-	42,899	19,817	-	23,082	492	-	(643)	-	-	43,390	20,459	-	22,931
- Footpaths	-	10,386	4,274	-	6,112	349	-	(104)	-	-	10,733	4,376	-	6,357
- Bulk Earthworks (non-depreciable)	-	115,478	-	-	115,478	639	-	-	-	-	116,117	-	-	116,117
- Stormwater Drainage	-	96,796	32,078	-	64,718	909	-	(883)	-	-	97,705	32,961	-	64,744
- Water Supply Network	-	273,788	119,833	-	153,955	3,308	-	(3,263)	4,217	-	284,759	126,542	-	158,217
- Sewerage Network	-	182,361	95,616	-	86,745	2,496	-	(2,608)	2,356	-	189,963	100,974	-	88,989
- Swimming Pools	-	13,639	818	-	12,821	-	-	(136)	-	-	13,639	954	-	12,685
Other Assets:														
- Other	-	26,965	7,616	-	19,349	454	-	(329)	-	-	27,420	7,946	-	19,474
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):														
- Tip Assets	-	2,659	901	-	1,758	-	-	(53)	-	-	2,659	954	-	1,705
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,377,799	417,283	-	960,516	20,910	(1,912)	(17,600)	6,573	-	1,406,656	438,169	-	968,487

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$9,403,103) and New Assets (\$7,343,920).
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.

Bathurst Regional Council

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

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

\$ '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	-	547	216	331	-	245	185	60
Office Equipment	-	9	6	3	-	10	6	4
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land	-	4,753	-	4,753	-	4,753	-	4,753
- Community Land	-	149	-	149	-	149	-	149
- Improvements - depreciable	-	746	94	652	-	727	84	643
Buildings	-	11,671	369	11,302	-	11,671	332	11,339
Other Structures	-	219	52	167	-	219	44	175
Infrastructure	-	284,759	126,542	158,217	-	273,788	119,833	153,955
Total Water Supply	-	302,856	127,282	175,574	-	291,565	120,487	171,078
Sewerage Services								
Plant & Equipment	-	389	177	212	-	389	119	270
Office Equipment	-	11	6	5	-	11	4	7
Land								
- Operational Land	-	1,185	-	1,185	-	1,185	-	1,185
- Improvements - depreciable	-	111	47	64	-	111	43	68
Buildings	-	654	8	646	-	157	2	155
Other Structures	-	49	-	49	-	49	-	49
Infrastructure	-	189,963	100,974	88,989	-	182,361	95,616	86,745
Total Sewerage Services	-	192,362	101,212	91,150	-	184,263	95,784	88,479
Domestic Waste Management								
Plant & Equipment	-	2,297	876	1,421	-	2,767	715	2,052
Other Assets	-	729	508	221	-	684	468	216
Total DWM	-	3,026	1,384	1,642	-	3,451	1,183	2,268
TOTAL RESTRICTED I,PP&E	-	498,244	229,878	268,366	-	479,279	217,454	261,825

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.

Bathurst Regional 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		2,674	-	1,971	-
Payments Received In Advance		74	-	13	-
Accrued Expenses:					
- Borrowings		45	-	56	-
- Other Expenditure Accruals		428	-	370	-
Security Bonds, Deposits & Retentions		955	1,181	890	1,150
Total Payables		4,176	1,181	3,300	1,150
Borrowings					
Loans - Secured ¹		3,286	18,860	6,189	15,860
Total Borrowings		3,286	18,860	6,189	15,860
Provisions					
Employee Benefits;					
Annual Leave		2,742	-	2,748	-
Long Service Leave		6,854	95	6,444	73
Sub Total - Aggregate Employee Benefits		9,596	95	9,192	73
Asset Remediation/Restoration (Future Works)	26	86	3,954	86	3,868
Other		142	-	156	-
Total Provisions		9,824	4,049	9,434	3,941
Total Payables, Borrowings & Provisions		17,286	24,090	18,923	20,951
(i) Liabilities relating to Restricted Assets					
		2014		2013	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		768	8	735	7
Sewer		610	4	660	2
Liabilities relating to externally restricted assets		1,378	12	1,395	9
Internally Restricted Assets					
Nil					
Total Liabilities relating to Unrestricted Assets		15,908	24,078	17,528	20,942
TOTAL PAYABLES, BORROWINGS & PROVISIONS		17,286	24,090	18,923	20,951

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.

Bathurst Regional Council

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

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

	Actual 2014	Actual 2013
\$ '000		

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

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

Provisions - Employees Benefits	7,364	6,995
	<u>7,364</u>	<u>6,995</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	2,748	1,776	(1,699)	(83)	-	2,742
Long Service Leave	6,517	958	(583)	57	-	6,949
Asset Remediation	3,954	-	-	86	-	4,040
Other	156	(14)	-	-	-	142
TOTAL	13,375	2,720	(2,282)	60	-	13,873

- 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.
- Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Bathurst Regional 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	8,009	2,913
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		8,009	2,913
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		13,931	9,774
Adjust for non cash items:			
Depreciation & Amortisation		17,600	17,266
Net Losses/(Gains) on Disposal of Assets		(9,452)	(7,258)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(285)	(316)
Unwinding of Discount Rates on Reinstatement Provisions		86	93
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		777	307
Increase/(Decrease) in Provision for Doubtful Debts		(92)	60
Decrease/(Increase) in Inventories		10	(34)
Decrease/(Increase) in Other Assets		88	(18)
Increase/(Decrease) in Payables		703	(213)
Increase/(Decrease) in accrued Interest Payable		(11)	(11)
Increase/(Decrease) in other accrued Expenses Payable		58	11
Increase/(Decrease) in Other Liabilities		157	24
Increase/(Decrease) in Employee Leave Entitlements		426	(221)
Increase/(Decrease) in Other Provisions		(14)	8
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		23,982	19,472
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		650	650
Credit Cards / Purchase Cards		90	90
Total Financing Arrangements		740	740

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.

Bathurst Regional Council

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		114	-
Plant & Equipment		247	112
Roads		671	748
Sewer		897	-
Stormwater Drainage		84	222
Structures		727	-
Water		-	132
Total Commitments		2,740	1,214
These expenditures are payable as follows:			
Within the next year		2,740	1,214
Total Payable		2,740	1,214
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		841	817
Future Grants & Contributions		1,229	-
Externally Restricted Reserves		-	397
Unexpended Loans		670	-
Total Sources of Funding		2,740	1,214

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	486	606
Later than one year and not later than 5 years	647	670
Total Non Cancellable Operating Lease Commitments	1,133	1,276

b. Non Cancellable Operating Leases include the following assets:

Computers & Office Equipment
Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to Operating Leases:

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

Bathurst Regional Council

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

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 20132012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	(4,603)	-6.29%	-3.22%	-2.62%
Total continuing operating revenue ⁽¹⁾	73,167			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(less ALL Grants & Contributions)	63,959	78.03%	75.66%	73.54%
Total continuing operating revenue ⁽¹⁾	81,964			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	33,390	3.91 : 1	2.48	2.61
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	8,544			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	14,546	3.27	3.97	3.79
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	4,452			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	2,883	8.00%	8.47%	8.94%
Rates, Annual and Extra Charges Collectible	36,045			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	76,009	13.67	11.57	11.52
Payments from cash flow of operating and financing activities	5,562			

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).

Bathurst Regional 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⁾			
(excl. Capital Grants & Contributions) - Operating Expenses	6.36%	3.16%	-11.42%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: -1.46%	-2.21%	-3.77%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾	87.74%	82.33%	74.54%
(less ALL Grants & Contributions)			
Total continuing operating revenue ⁽¹⁾	prior period: 90.94%	87.51%	70.07%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾	10.22 : 1	15.42 : 1	3.91 : 1
Current Liabilities less Specific Purpose Liabilities ^(3, 4)			
	prior period: 15.93	19.49	2.48
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	0.00	0.00	1.66
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	prior period: 0.00	0.00	2.65
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual and Extra Charges Outstanding	43.45%	8.50%	5.40%
Rates, Annual and Extra Charges Collectible			
	prior period: 48.14%	9.60%	6.29%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents including All Term Deposits	6.92	15.83	14.58
Payments from cash flow of operating and financing activities	prior period: 4.48	15.38	12.28

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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000	Notes	Actual 2014	Actual 2013
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>9,790</u>	<u>9,487</u>
Reconciliation of Annual Movement:			
Opening Balance		9,487	8,998
- Acquisitions		18	173
- Net Gain/(Loss) from Fair Value Adjustments		285	316
CLOSING BALANCE - INVESTMENT PROPERTIES		9,790	9,487

(b) Valuation Basis

The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2014 revaluations were based on Independent Assessments made in 2013 by CBRE Ltd with an appropriate CPI adjustment.

(c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

(d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:

Within 1 year	804	786
Later than 1 year but less than 5 years	987	1,499
Later than 5 years	-	6
Total Minimum Lease Payments Receivable	1,791	2,291

(e) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:

- Minimum Lease Payments	781	797
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Direct Operating Expenses on Investment Properties:

- that generated rental income	(234)	(274)
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Net Revenue Contribution from Investment Properties	547	523
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plus:

Fair Value Movement for year	285	316
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Total Income attributable to Investment Properties	832	839
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Refer to Note 27- Fair Value Measurement for information regarding the fair value of investment properties held.

Bathurst Regional Council

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

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	8,009	2,913	8,009	2,913
Investments				
- "Held to Maturity"	79,000	71,700	79,000	71,700
Receivables	8,577	9,262	8,577	9,262
Total Financial Assets	95,586	83,875	95,586	83,875
Financial Liabilities				
Payables	5,283	4,437	5,283	4,437
Loans / Advances	22,146	22,049	22,146	22,049
Total Financial Liabilities	27,429	26,486	27,429	26,486

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

Bathurst Regional 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 its 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 these 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.

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	260	260	(260)	(260)
2013				
Possible impact of a 1% movement in Interest Rates	180	180	(180)	(180)

Bathurst Regional 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.

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 reporting date follows:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	78%	0%	87%
Overdue	100%	22%	100%	13%
	100%	100%	100%	100%
(ii) Ageing of Receivables - value				
Current (not yet overdue)	-	4,629	-	5,817
Past due by up to 30 days	-	974	-	603
Past due between 31 and 60 days	-	257	-	128
Past due between 61 and 90 days	-	20	-	8
Past due by more than 90 days	2,688	28	2,701	116
	2,688	5,908	2,701	6,672
(iii) Movement in Provision for Impairment of Receivables			2014	2013
Balance at the beginning of the year			111	51
+ new provisions recognised during the year			-	65
- amounts already provided for & written off this year			(92)	(5)
Balance at the end of the year			19	111

Bathurst Regional 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	2,136	3,147	-	-	-	-	-	5,283	5,283
Loans & Advances	-	4,642	4,277	4,176	3,707	3,655	7,264	27,721	22,146
Total Financial Liabilities	2,136	7,789	4,277	4,176	3,707	3,655	7,264	33,004	27,429
2013									
Trade/Other Payables	2,040	2,397	-	-	-	-	-	4,437	4,437
Loans & Advances	-	7,721	3,476	3,123	3,036	2,579	8,207	28,142	22,049
Total Financial Liabilities	2,040	10,118	3,476	3,123	3,036	2,579	8,207	32,579	26,486

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	5,283	0.0%	4,437	0.0%
Loans & Advances - Fixed Interest Rate	22,146	6.6%	22,049	7.3%
	<u>27,429</u>		<u>26,486</u>	

Bathurst Regional 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 19 June 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	33,065	32,874	(191)	(1%) U
User Charges & Fees	19,039	23,980	4,941	26% F
Water usage increased over last year by 25% which resulted in a 25% increase in income for these charges.				
Interest & Investment Revenue	4,082	3,246	(836)	(20%) U
In accordance with Australian Accounting Standards, some investment earnings were capitalised in this financial year, which was not envisaged in the original budget which provided for loans to be fully applied to their intended projects and resulting invested funds being fully utilised.				
Other Revenues	2,835	4,144	1,309	46% F
Council was awarded reimbursement of its legal fees from the Local Government Financial Services court action. Whilst expected to be received, the timing of the receipts was unknown.				
Operating Grants & Contributions	12,584	9,208	(3,376)	(27%) U
The federal government previously paid 50% of financial assistance grants in the financial year before they were due. This financial year, this did not occur due to a change in the federal budget.				
Capital Grants & Contributions	6,420	8,797	2,377	37% F
Council was successful in accessing capital grant funding for Mount Panorama reseal works. Whilst the works were expected, income was not budgeted for.				
Net Gains from Disposal of Assets	12,703	9,452	(3,251)	(26%) U
Council expected to release four subdivisions during the year but the first one was actually sold in the 2013 financial year, which meant being over budget last year and under budget in this financial year.				

Bathurst Regional 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	26,897	26,705	192	1% F
Borrowing Costs	1,680	1,549	131	8% F
In accordance with Australian Accounting Standards, some borrowing costs were capitalised in this financial year, which was not envisaged in the original budget which provided for loans to be fully applied to their intended projects.				
Materials & Contracts	22,002	23,106	(1,104)	(5%) U
Depreciation & Amortisation	17,219	17,600	(381)	(2%) U
Other Expenses	10,380	8,810	1,570	15% F
Council has experienced savings in Insurance costs due to re-negotiated deductible levels, savings in electricity costs due to further installation of solar panels, and had previously budgeted for an increased contribution towards a 24 hour fire station for the region which was not payable in this year.				
Budget Variations relating to Council's Statement of Cash Flows include:				
Cash Flows from Operating Activities	17,068	23,982	6,914	40.5% F
The variation in this item is a direct result of all the variations noted above in operating income and expenditure.				
Cash Flows from Investing Activities	(20,859)	(18,983)	1,876	(9.0%) F
Cash Flows from Financing Activities	(243)	97	340	(139.9%) F
Council originally budgeted to pay out a small old loan balance but reduced interest rates meant that a large premium was payable and therefore the transaction did not go ahead.				

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	2,732	403	-	67	-	132	3,334	29,576	(32,910)	-	-
Roads	49	117	-	3	-	-	169	1,453	(1,622)	-	-
Parking	305	-	-	8	-	454	767	2,086	(2,853)	-	-
Open Space	1	97	-	-	-	-	98	922	(1,020)	-	-
Community Facilities	1,255	748	-	31	-	(132)	1,902	7,480	(9,382)	-	-
S94 Contributions - under a Plan	4,342	1,365	-	109	-	454	6,270	41,517	(47,787)	-	-
Total S94 Revenue Under Plans	4,342	1,365	-	109	-	454	6,270				-
S94 not under Plans	1,533	484	-	19	(27)	(454)	1,555	150	(1,705)	-	-
S64 Contributions	21,313	2,656	-	452	(996)	-	23,425				
Total Contributions	27,188	4,505	-	580	(1,023)	-	31,250	41,667	(49,492)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Jordan Creek Stormwater Drainage Management

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	536	21	-	14	-	-	571	8,944	(9,515)	-	-
Total	536	21	-	14	-	-	571	8,944	(9,515)	-	-

CONTRIBUTION PLAN - Raglan Creek Stormwater Drainage

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	1,618	238	-	42	-	132	2,030	15,798	(17,828)	-	-
Total	1,618	238	-	42	-	132	2,030	15,798	(17,828)	-	-

CONTRIBUTION PLAN - Sawpit Creek Drainage

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	244	3	-	3	-	-	250	3,210	(3,460)	-	-
Total	244	3	-	3	-	-	250	3,210	(3,460)	-	-

CONTRIBUTION PLAN - Reconstruct Hereford Street

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	49	117	-	3	-	-	169	1,453	(1,622)	-	-
Total	49	117	-	3	-	-	169	1,453	(1,622)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Central Carparking Strategies

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	305	-	-	8	-	454	767	2,086	(2,853)	-	-
Total	305	-	-	8	-	454	767	2,086	(2,853)	-	-

CONTRIBUTION PLAN - Community Facilities & Services Windrayne/Llanarth

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	124	-	-	3	-	-	127	498	(625)	-	-
Total	124	-	-	3	-	-	127	498	(625)	-	-

CONTRIBUTION PLAN - Community Facilities & Services Bathurst

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	1,131	748	-	28	-	(132)	1,775	6,982	(8,757)	-	-
Total	1,131	748	-	28	-	(132)	1,775	6,982	(8,757)	-	-

CONTRIBUTION PLAN - Robin Hill Drainage

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	333	55	-	8	-	-	396	805	(1,201)	-	-
Total	333	55	-	8	-	-	396	805	(1,201)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Eglinton Open Space & Drainage

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	1	86	-	-	-	-	87	819	(906)	-	-
Open Space	1	97	-	-	-	-	98	922	(1,020)	-	-
Total	2	183	-	-	-	-	185	1,741	(1,926)	-	-

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	1,323	384	-	13	-	(454)	1,266	121	(1,387)	-	-
Community Facilities	2	-	-	1	-	-	3	2	(5)	-	-
Other	208	100	-	5	(27)	-	286	27	(313)	-	-
Total	1,533	484	-	19	(27)	(454)	1,555	150	(1,705)	-	-

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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.

Bathurst Regional 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):

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) S94 Plans

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

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

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

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

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

(iii) Somerville Collection

The Council is a member of a company Limited by Guarantee called the Somerville Collection.

The company was established to manage & maintain the Somerville Collection (made up of fossils, minerals & other features) which are exhibited in Bathurst at the Australian Fossil and Mineral Museum. The Company is a non profit entity.

In the event that the Company is wound up, Council's liability is limited to a maximum of \$100.

Bathurst Regional 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):

2. Other Liabilities (continued)

(iv) Gasworks Site Remediation

In 1986 Bathurst City Council, Orange City Council & Lithgow City Council entered into an agreement with AGL Western Limited with respect to gasworks located in each of those Council areas.

The agreement indemnified AGL Western against any loss, action or demand in respect of any pollution problems caused or relating to the operations of the gas distribution business.

Each Council area has a redundant gas works site. Each Council is liable to remediate the site in their Council area under the agreement, should the site be classified as contaminated.

The former Bathurst City Council had informed the Environmental Protection Agency (EPA) in accordance with the notification provisions of the Contaminated Land Management Act that the site is contaminated.

The EPA has since declared the site a "remediation site" under the Act.

Council has received grant funding totalling \$500,000 from the Environmental Trust, which is to be used in conjunction with Council's own funds to Complete Stage 1 of the remediation.

Preliminary works commenced in 2006/07.

(iv) Gasworks Site Remediation (continued)

The total cost of the remediation at this time is unknown.

Estimates prepared in 1999 indicated a cost in excess of \$1,000,000.

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.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

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

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

Bathurst Regional 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
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(a) Retained Earnings

Movements in Retained Earnings were as follows:

Balance at beginning of Year (from previous years audited accounts)		586,403	576,629
a. Net Operating Result for the Year		13,931	9,774
Balance at End of the Reporting Period		600,334	586,403

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		439,866	433,293
Total		439,866	433,293

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance		433,293	422,834
- Revaluations for the year	9(a)	6,573	10,459
- Balance at End of Year		439,866	433,293

TOTAL VALUE OF RESERVES

439,866	433,293
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(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.

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

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

(d) Voluntary Changes in Accounting Policies

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

Bathurst Regional 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	Actual 2014
Continuing Operations	Waste	Water	Sewer	General¹
Income from Continuing Operations				
Rates & Annual Charges	3,800	1,858	6,590	20,626
User Charges & Fees	3,966	10,972	2,166	6,876
Interest & Investment Revenue	136	370	355	2,385
Other Revenues	-	70	24	4,050
Grants & Contributions provided for Operating Purposes	879	103	103	8,123
Grants & Contributions provided for Capital Purposes	-	1,751	1,857	5,189
Other Income				
Net Gains from Disposal of Assets	125	-	-	9,327
Total Income from Continuing Operations	8,906	15,124	11,095	56,576
Expenses from Continuing Operations				
Employee Benefits & on-costs	1,960	2,876	2,674	19,195
Borrowing Costs	107	-	-	1,442
Materials & Contracts	3,739	4,809	3,074	11,484
Depreciation & Amortisation	446	3,350	2,677	11,127
Other Expenses	144	1,365	676	6,625
Total Expenses from Continuing Operations	6,396	12,400	9,101	49,873
Operating Result from Continuing Operations	2,510	2,724	1,994	6,703

Net Operating Result for the year before Grants and Contributions provided for Capital Purposes

2,510	973	137	1,514
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¹ General Fund refers to all Council's activities other than Water, Sewer & Waste

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

Bathurst Regional 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	Actual 2014
ASSETS	Waste	Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents	13,466	5,222	8,473	(19,152)
Investments	-	-	-	55,000
Receivables	602	2,629	919	3,761
Inventories	-	-	-	2,175
Other	1	5	13	93
Total Current Assets	14,069	7,856	9,405	41,877
Non-Current Assets				
Investments	-	13,332	10,094	574
Receivables	324	73	44	525
Inventories	-	-	-	5,426
Infrastructure, Property, Plant & Equipment	10,326	175,574	91,150	691,437
Investment Property	-	-	-	9,790
Total Non-Current Assets	10,650	188,979	101,288	707,752
TOTAL ASSETS	24,719	196,835	110,693	749,629
LIABILITIES				
Current Liabilities				
Payables	39	244	184	3,709
Borrowings	62	-	-	3,224
Provisions	383	524	426	8,491
Total Current Liabilities	484	768	610	15,424
Non-Current Liabilities				
Payables	-	-	-	1,181
Borrowings	176	-	-	18,984
Provisions	3,959	8	4	78
Total Non-Current Liabilities	4,135	8	4	20,243
TOTAL LIABILITIES	4,619	776	614	35,667
Net Assets	20,100	196,059	110,079	713,962
EQUITY				
Retained Earnings	16,268	127,612	73,290	383,164
Revaluation Reserves	3,832	68,447	36,789	330,798
Total Equity	20,100	196,059	110,079	713,962

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

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

Bathurst Regional 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 08/10/14.

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".

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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2014	2013
Bathurst Solid Waste Disposal Centre	2046	4,040	3,954
Balance at End of the Reporting Period	10(a)	4,040	3,954

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in Provision for year:

Balance at beginning of year	3,954	3,861
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	86	93
Total - Reinstatement, rehabilitation and restoration provision	4,040	3,954

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Bathurst Regional Council

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

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property

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:

			Fair Value Measurement Hierarchy			
2014	Note		Level 1	Level 2	Level 3	Total
		Date	Quoted	Significant	Significant	
		of latest	prices in	observable	unobservable	
		Valuation	active mkts	inputs	inputs	
Recurring Fair Value Measurements						
Investment Properties						
230 Howick Street, Bathurst	14	30/06/14	-	-	9,790	9,790
Total Investment Properties			-	-	9,790	9,790
Infrastructure, Property, Plant & Equipment						
Plant & Equipment	9	30/06/14	-	-	9,677	9,677
Office Equipment	9	30/06/14	-	-	585	585
Furniture & Fittings	9	30/06/14	-	-	84	84
Operational Land	9	30/06/14	-	-	58,415	58,415
Community Land	9	30/06/14	-	-	14,844	14,844
Land under Roads (post 30/6/08)	9	30/06/14	-	-	95	95
Land Improvements - depreciable	9	30/06/14	-	-	11,528	11,528
Buildings - Non Specialised	9	30/06/14	-	-	59,459	59,459
Buildings - Specialised	9	30/06/14	-	-	48,179	48,179
Other Structures	9	30/06/14	-	-	13,580	13,580
Roads	9	30/06/14	-	-	260,822	260,822
Bridges	9	30/06/14	-	-	22,931	22,931
Footpaths	9	30/06/14	-	-	6,357	6,357
Bulk Earthworks (non-depreciable)	9	30/06/14	-	-	116,117	116,117
Stormwater Drainage	9	30/06/14	-	-	64,744	64,744
Water Supply Network	9	30/06/14	-	-	158,217	158,217
Sewerage Network	9	30/06/14	-	-	88,989	88,989
Swimming Pools	9	30/06/14	-	-	12,685	12,685
Other Assets	9	30/06/14	-	-	19,474	19,474
Tip	9	30/06/14	-	-	1,705	1,705
Total Infrastructure, Property, Plant & Equipment			-	-	968,487	968,487

(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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(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:

Investment Properties

The investment property at 230 Howick Street, Bathurst was valued by CBRE Ltd in June 2013 using the cost approach. The approach estimated the replacement cost for the building by componentising it into significant parts with different useful lives and taking into account a range of factors. While buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value and pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

Infrastructure, Property, Plant & Equipment

Buildings

This asset class includes any 'enclosable' roofed structure (4 walls), otherwise assets are classified as Other Structures.

Buildings were valued by CBRE Ltd in June 2013 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value and pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year Council completed the construction of a number of buildings. While the costs were current and the impact of depreciation was negligible, buildings have been classified as Level 3 as they were immaterial in relation to the overall value of this asset class. There has been no change to the valuation process during the reporting period.

Other Structures

This asset class includes any non-enclosable roofed or non-roofed structure (fewer than 4 walls). Other Structures were revalued in 2011 using the cost approach. This was derived via a number of methods, depending on the information available (historical cost, actual quotes/tenders, published component rates). Due to the highly varied nature of this asset class, only very small subsets of assets can be valued using the same basis. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Bathurst Regional Council

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

Note 27. Fair Value Measurement (continued)

Roads

This asset class comprises the Road Carriageway, Guardrails, Kerb and Gutter, Signs and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter or other roadside drainage. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure.

Valuations for the road carriageway, comprising surface, pavement and formation earthworks were based on calculations carried out by the Assets Team, utilising internal cost rates and the detailed asset information residing in Council's Asset Management System - "Confirm". Other Road Infrastructure was valued the same way.

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimates pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Bridges

Bridges were valued in 2012 by Garry Dennis from Bridge Check Australia Pty Ltd using the cost approach and also included a condition assessment. The approach estimated the replace for each bridge in its entirety; deck, approaches, railings and abutments.

All bridges were physically inspected and an assessment made of the component condition. Unit rates based on deck areas could be supported from market evidence (level 2) however other inputs (pattern of consumption, site-specific technical design issues) require extensive professional judgement and impact on the final determination of fair value. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. No change has been made to the valuation process during the reporting period.

Footpaths

Footpaths were revalued by Council Staff in 2010 using the cost approach using internal unit cost inputs (Level 3). Footpaths are inspected on either an annual or semi-annul basis for defects and condition and the results are included in the asset register (Confirm) system. There has been no change to the valuation process during the reporting period.

Parking areas

Parking areas are valued and assessed on the same basis as roads.

Bus Shelters

Bus Shelters are valued and assessed on the same basis as Other Structures.

Aerodrome

This comprises the infrastructure assets that form the aerodrome. Equivalent asset classes have been valued using the same conditions and parameters as described above (runway surface, pavement and earthworks as for roads; parking areas, other structures and drainage like for like). Revaluation was last undertaken in 2011. Substantial professional judgement has been required to undertake this work and this class is therefore classified as Level 3. No change has been made to the valuation process during the reporting period.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

Water Supply network

Assets within this class comprise the infrastructure to supply a reticulated potable drinking water service to Bathurst and adjoining suburbs/villages. There is also a small non-potable service at Hillview Estate Napolean Reef and a raw-water supply from Winburndale Dam used for irrigation of parks and playing fields in town.

In Bathurst, there is the Filtration Plant, Pump Stations, Reservoirs and reticulation pipe network. A revaluation was made in 2012; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets had the previous valuation provided in 2007 by NSW Dept of Commerce indexed by the rates outlined in the Reference Rates Manual. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Sewerage network

Assets within this class comprise the infrastructure to supply a reticulated waste water (sewerage) service to Bathurst and adjoining suburbs/villages. This is the Reticulation Pipe Network, Pump Stations and Treatment Plant. A revaluation was made in 2012; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets had the previous valuation provided in 2007 by NSW Dept of Commerce indexed by the rates outlined in the Reference Rates Manual. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. There has been no change to the valuation process during the reporting period.

Bathurst Regional 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.

	Investment Property	Land and Buildings	Infra- structure Assets	Other Assets	Total
Adoption of AASB 13	9,790	194,572	719,882	44,243	968,487
Closing Balance - 30/6/14	9,790	194,572	719,882	44,243	968,487

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

Nil

Bathurst Regional 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.

Investment Properties

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings	9,790	External Valuer	Gross replacement cost Asset Condition Useful life	100 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement

I,PP&E

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings	107,638	External valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to poor 100 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement
Other Structures	13,580	Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to bad 10-150 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement
Roads	255,997	Internal valuer	Gross replacement cost Asset Condition Useful life Residual Value	Varies significantly within asset class Excellent to bad 12-80 years 39-43% (pavements)	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement
Bridges	22,931	External valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to bad 70-200 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement
Footpaths	6,357	Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to bad 70-75 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement

Bathurst Regional Council

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

Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Parking Areas	483	Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to poor 50-80 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement
Bus Shelters	184	Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Good to bad 30 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement
Aerodrome	4,158	Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to bad 10-200 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement
Water Supply Network	158,217	External/Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to bad 16-160 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement
Sewerage Network	88,989	External/Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to bad 13-105 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement
Stormwater Drainage	64,744	Internal valuer	Gross replacement cost Asset Condition Useful life	Varies significantly within asset class Excellent to poor 50-200 years	Change in gross replacement cost, asset condition, pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement

d. The Valuation Process for Level 3 Fair Value Measurements

For the period ending 30/6/2012 the Water & Sewer systems were revalued in accordance with DLG Fair Valuation - Infrastructure, Property, Plant and Equipment Circular(s). The reticulation systems were revalued using unit rates in line with the NSW Reference Rates Manual. Dams, Pump Stations (W&S), Reservoir, Treatment works (W&S) had their 2007 valuation (supplied by NSW Dept Commerce) indexed as per the updated attachment 1 for 2012 of the NSW Reference Rates Manual 2011 figure of 18%.

For 30 June 2013 and 2014, this was incrementally adjusted based on the NSW Reference Rates Manual NSW Water Supply & Sewerage Construction Cost Indices. For 2013 this adjustment was an increase of 2.5% and for 2014 it was an increase of 2.8%.

Bathurst Regional Council

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

Note 28. Council Information & Contact Details

Principal Place of Business:

158 Russel Street
BATHURST NSW 2795

Contact Details
Mailing Address:

Private Mail Bag 17
BATHURST NSW 2795

Opening Hours:

General Office, Departments & Cashiers
8.30am to 4.45pm weekdays

Telephone: 02 6333 6111

Facsimile: 02 6331 7211

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Officers
GENERAL MANAGER

David Sherley

RESPONSIBLE ACCOUNTING OFFICER

Robert Roach

PUBLIC OFFICER

Robert Roach

AUDITORS

Intentus Chartered Accountants

Elected Members
MAYOR

Gary Rush

COUNCILLORS

Warren Aubin

Bobby Bourke

Michael Coote

Graeme Hanger

Jess Jennings

Monica Morse

Ian North

Greg Westman

Other Information

ABN: 42 173 522 302

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL
ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF
BATHURST REGIONAL COUNCIL**

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Bathurst Regional Council (Council) for the financial year ended 30 June 2014. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

Council's Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing 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. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16 nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Bathurst Regional Council for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

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;
- (b) the Council's financial report:
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) is in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements.
- (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 report that have come to light in the course of the audit.



intentus

291 Stewart Street
Bathurst
Dated: 8 October 2014



LR Smith
Director

8 October 2014

The Mayor
Bathurst Regional Council
Private Mail Bag 17
BATHURST NSW 2795

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT – Section 417 (3)
BATHURST REGIONAL COUNCIL**

We advise having completed our audit of the financial statements of Bathurst Regional Council (Council) for the financial year ended 30 June 2014. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Bathurst Regional Council for the year ended 30 June 2014. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

The following comments are provided in accordance with Section 415 (3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.



**Chartered
Accountants**



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Phone: 02 6333 7611

Liability limited by a scheme approved under Professional Standards Legislation

Review of Financial Results

(a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a surplus after capital amounts of \$13,931,000 (2013 - \$9,774,000). Some items of note in the income statement include:

Revenue

- The operating surplus **before** capital amounts was \$5,134,000 (2013 - \$5,196,000).
- Council's revenue from rates and annual charges rose by \$1,697,000 from \$31,177,000 in 2013 to \$32,874,000 in 2014.

Rates increased by \$891,000 (4.47%) which was the combined result of the approved rate pegging increase of 2.3% and normal additions to rateable land within the Council area through land developments.

- User charges and fees increased from \$21,221,000 in 2013 to \$23,980,000 in 2014 (increase of \$2,759,000).

Revenue from user charges for water supply rose by \$1,263,000 to \$9,968,000 (2013 - \$8,705,000). This was primarily the result of an increase in the per kilolitre amount charged for water usage by Council.

Revenue from the RMS for works on State Roads increased from \$2,455,000 in 2013 to \$3,608,000 in 2014 (increase of \$1,153,000). Funds totaling \$895,000 were received by Council from the RMS during the year ended 30 June 2014 for works at McGeorges Creek, and a further \$960,000 for rehabilitation works at Abercrombie.

- Other revenues increased by \$508,000 to \$4,144,000 (2013 - \$3,636,000). The year ended 30 June 2014 included \$652,000 (2013 - nil) related to the recovery of legal fees from the settlement of Council's successful litigation of Local Government Financial Services (LGFS) in relation to a failed investment product.
- Operating grants and contributions for the year were \$9,208,000 compared to \$14,504,000 in 2013 (decrease of \$5,296,000).

Receipts under the Federal Financial Assistance Grant (FAG) program were \$3,043,000 lower than in the prior year due to a change in the timing of the payments received under this program. In addition, operating contributions from the RMS totaled \$3,580,000 in 2013 compared to \$905,000 in 2014 (decrease of \$2,675,000). The 2012-'13 financial year included \$1,442,000 in funding for works on flood damaged roads throughout the Council area, as well as funding for additional works such as Sofala Road, Fremantle Road and Rockley Road. No funds for these projects were received during 2013-'14.

- Grants and contributions received for capital purposes for the 2013-14 financial year totalled \$8,797,000 compared to just \$4,578,000 for 2012-'13 (increase of \$4,219,000).

Council received \$2,822,000 during the year ended 30 June 2014 to undertake asphaltting works on the Mount Panorama circuit. Only \$149,000 was received for works within the Mount Panorama precinct during the year ended 30 June 2013.

At \$3,325,000, contributions from developers under Council's Section 94 and Section 64 plans were \$1,866,000 higher than receipts of this nature in 2012-'13. This was the result of an increased level of activity by local developers during the period.

- Council's net gain from the disposal of assets for 2014 was \$9,452,000 (2013 - \$7,258,000). Gains on the sale of Council's real estate developments contributed \$9,459,000 (2013 - \$7,267,000) to Council's operating result.

Expenditure

- Total employee costs decreased by \$185,000 compared to the prior year. Salaries and wages costs increased by just \$336,000 (1.79%).

Council's workers compensation expense for the year ended 30 June 2014 was significantly lower than the prior year at \$225,000 (2013 - \$1,602,000). Whilst Council's workers compensation premium was lower than the prior year due to an improvement in Council's claims history, Council also received an unanticipated \$598,000 premium adjustment for the 2012-'13 financial year during the year ended 30 June 2014.

- Council's materials and contracts expense rose by \$1,807,000 to \$23,106,000 (2013 - \$21,299,000).

The main contributor to this was an increase in legal expenses incurred by Council in defending litigation claims of \$740,000. This was offset by the recovery of legal fees of \$652,000 which has been disclosed as other revenue, as outlined earlier in our report.

(b) Financial Position

The Statement of Financial Position discloses that for the year ended 30 June 2014 Council's net assets stood at \$1,040,200,000 (2013 - \$1,019,696,000) which represents an increase of \$20,504,000.

This increase is the combined effect of the surplus for the year after capital amounts of \$13,931,000 and the indexation of Council's water and sewerage assets which saw \$6,573,000 directly recognised in the asset revaluation reserve within Council's Statement of Changes in Equity and Statement of Comprehensive Income.

To assess the health of Council's net current asset position it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist and the effect of the restrictions is summarised below.

	2014 \$'000	2013 \$'000
Net current assets	55,921	54,333
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(39,817)	(47,095)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(26,170)	(18,693)
Add: Applicable current liabilities refer Note 10		
- Water	768	735
- Sewerage	610	660
Add: Employee leave entitlements not expected to be paid within 12 months	7,364	6,995
Unrestricted net current asset surplus/(deficit)	(1,324)	(3,065)
Unrestricted liabilities to be funded from next year's operating revenues (refer Note 10)		
- Annual leave and other provisions	1,510	1,589
- General interest bearing liabilities	3,286	6,189
Adjusted unrestricted net current asset surplus/(deficit)	3,472	4,713

	2014 \$'000	2013 \$'000
Unrestricted net current assets comprise:-		
Assets		
Cash	588	622
Receivables	4,363	4,802
Inventories	2,175	1,853
Other assets	94	191
	<u>7,220</u>	<u>7,468</u>
Liabilities		
Payables	(3,748)	(2,755)
Unrestricted net current asset surplus/(deficit)	<u>3,472</u>	<u>4,713</u>

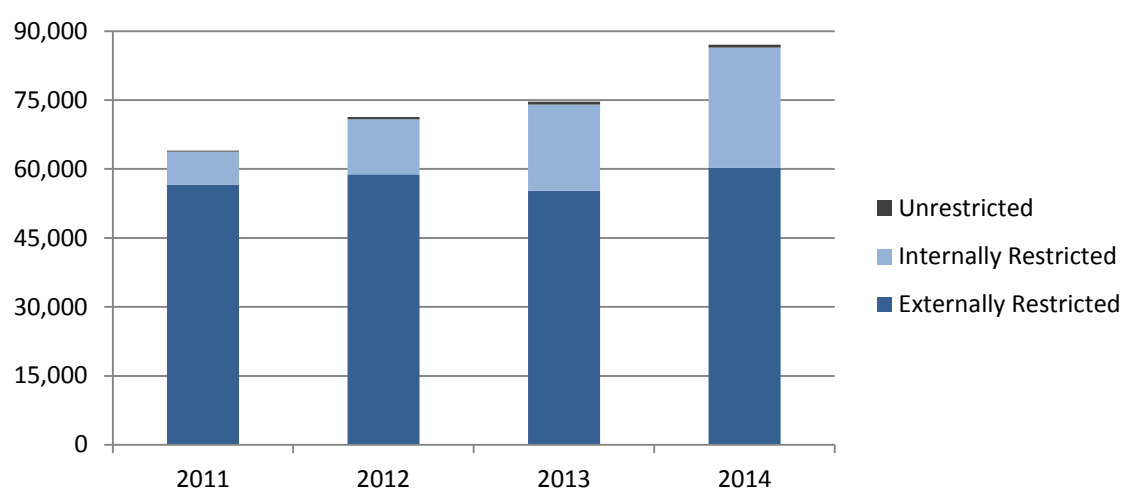
At 30 June 2014 Council had a \$1,324,000 deficit (2013 – \$3,065,000 deficit) of net unrestricted current assets. This result continues to emphasise the relative financial strength of Council's non-General Fund activities when the financial position of Council as a whole is considered.

This position will place reliance on short-term cash inflows in the new year to sustain the currency of the restrictions Council has placed on its General Fund assets. The impact of this is articulated in the above analysis adjusted for items to be specifically funded from 2014-'15 revenues which alters the analysis significantly and does indicate the position is manageable within Council's resources.

As in previous years, a contributing factor to this issue is the amount held by Council as internal restrictions. This balance has increased by \$7,477,000 since the prior year. Council needs to recognise the fact that their ability to fund all internal restrictions in the present circumstances is not possible without the reliance on future revenues or loan funding.

Whilst the analysis of the net current asset position is a complete summary of Council's short-term position, the strength of that position is determined by the liquidity of those assets, hence Council's ability to operate effectively is largely governed by the amount of available cash.

Cash, Cash Equivalents and Investments



Liquidity

Note 6 to the financial statements discloses total cash and investments of \$87,009,000 (2013 - \$74,613,000).

Included in this total is an amount of \$60,251,000 (2013 - \$55,298,000) which is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$26,170,000 (2013 - \$18,693,000) is subject to internal restrictions agreed upon by Council for designated purposes, which may be altered at the discretion of Council, consistent with their operational plan.

The unrestricted cash balance of \$588,000 (2013 - \$622,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements.

(c) Performance Indicators

Note 13 to the Financial Statements provides a measure of Council's performance using a number of selected ratios as follows:

Operating Performance

This is the first of a number of new performance measures required to be reported for the first time in the 2013-'14 financial year and is intended to measure whether Council has contained its operating expenditure within its operating revenue.

The current year result of (6.29%) is below the benchmark indicated by the Office of Local Government of greater than 0%.

Whilst the current year indicator has been impacted by the timing of receipts under the Federal Financial Assistance Grant program, the most significant figure impacting on the calculation of this ratio for Bathurst Regional Council is Council's net gain on the disposal of real estate assets. This revenue source is regarded as being non-recurring and is therefore excluded from Council's revenue for the purposes of determining this ratio.

This figure is also excluded from the calculation of the Own Source Operating Revenue Ratio and Debt Service Cover Ratio.

During the year ended 30 June 2014, Council generated \$9,459,000 from the sale of its real estate assets (2013 - \$7,267,000). If this figure was included in the calculation of this ratio, Bathurst Regional Council's ratio would be more in the vicinity of 5.87%.

Own Source Operating Revenue

This new indicator is intended to measure Council's fiscal flexibility by showing its degree of reliance on external funding sources such as grants and contributions. The higher the ratio, the more financially flexible Council is considered to be.

At 78.03% (2013 – 75.66%) Bathurst Regional Council's result indicates a degree of financial flexibility which exceeds the benchmark of greater than 60% determined by the Office of Local Government.

Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates its ability to satisfy obligations out of short-term and immediate asset balances. Council's ratio of 3.91:1 (2013 – 2.48:1) indicates that it is comfortably able to settle its debts as and when they fall due.

Debt Service Cover Ratio

This is another new ratio this year which measures the ability of council to service debt by expressing that capacity as a multiple of the operating result from continuing operations, excluding capital items and depreciation / impairment, over the principal and interest costs.

At 3.27 times (2013 – 3.97) Bathurst Regional Council's ratio indicates that Council can meet its current levels of debt.

Rates & Annual Charges, Interest & Extra Charges Outstanding Ratio

This ratio is a measure of management efficiency. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Bathurst Regional Council's rates and annual charges outstanding percentage of 8.00% (2013 – 8.47%) has continued to improve. It is also important to recognise the impact of the timing and quantum of year end water bills on this ratio. Note 13b to the financial statements provide an analysis of this ratio by fund.

Cash Expense Cover Ratio

Another new performance measure, the purpose of this ratio is to indicate the number of months a Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than three (3) months.

We suspect that this is a ratio that may vary considerably from year-to-year depending on the timing of payments for materials and contract which is the component in the denominator most susceptible to fluctuation on a yearly basis. Bathurst Regional Council's ratio for the year ended 30 June 2014 was 13.67 months (2013 – 11.57 months) and is above the benchmark recommended by the Office of Local Government.

(d) Statement of Cash Flows

The Statement of Cash Flows reports a net increase in cash assets held of \$5,096,000 (2013 – decrease of \$1,928,000) in cash inflows (outflows) as follows:

	2014 \$'000	2013 \$'000
Operating activities	23,982	19,472
Investing activities	(18,983)	(18,533)
Financing activities	97	(2,867)
	<hr/>	<hr/>
Net increase / (decrease) in cash held	5,096	(1,928)

Cash flows from Operating Activities

The cash inflows from operating activities were higher than the prior year, with the key contributor being higher levels of cash flows for user charges and fee due to the timing of receipts from this revenue source.

Cash flows from Investing Activities

The net cash outflows from investing activities totalled \$18,983,000 (2013 - \$18,533,000). The major cash outflows related to additions to property, plant and equipment of \$20,910,000 (2013 - \$21,213,000) including \$3,185,000 on motor vehicles and heavy equipment. Council also spent \$5,532,000 on the construction of roads infrastructure which included \$2,300,000 on asphalt works on the Mount Panorama circuit. Council also spent \$910,000 on works at the Bathurst Cycle Complex.

This was partially offset by proceeds from the sale of real estate of \$10,143,000 (2013 - \$7,681,000). Council also had net purchases of investments of \$7,300,000 (2013 - \$5,265,000), moving funds from cash into longer term investments with higher interest rates.

Cash flows from Financing Activities

The net cash inflow from financing activities was \$97,000 (2013 - \$2,867,000 outflow). Borrowings of \$3,000,000 were drawn in the current financial year (2013 - nil). These borrowings were made in conjunction with the NSW Local Government Infrastructure Renewals Scheme (LIRS) which provides Councils with an interest rate subsidy on external borrowings to assist in addressing infrastructure backlogs.

Repayments of \$2,903,000 (2013- \$2,867,000) were in line with the requirements of the loan agreements.

(e) Comparison of Actual and Budgeted Performance

Council's surplus for the year after capital amounts of \$13,931,000 was \$1,381,000 greater than Council's original estimate of \$12,550,000.

The purpose of this report is not to provide detailed analysis of individual budget variations. Council's financial statements include Note 16, which addresses the contributing factors to this variation in detail.

Other Matters

(a) National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Bathurst Regional Council has prepared a special purpose financial report on its business units for the year ended 30 June 2014. Council has determined that it has three (3) business units within its operations: Water, Sewerage, and Waste.

The Office of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines the process for identifying and allocating costs of activities and provides a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unqualified audit report on the special purpose reports for the year ended 30 June 2014 has been issued.

(b) Management Letters

Interim management letters were issued on 7 April 2014 and 15 July 2014 and a final report will be prepared upon completion of our year end review.

Matters raised via management letters have been addressed to our satisfaction.

(c) Legislative Compliance

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial reports that have come to our attention during the conduct of the audit and that Bathurst Regional Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and Regulations.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Bathurst Regional Council for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on Council's web site.

Conclusion

- (a) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial report and allowed proper and effective audit of this report;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial reports and allowed proper and effective audit of this report; and
- (c) All information relevant to the conduct of the audit has been obtained.

Yours faithfully
intentus

Per:



Leanne Smith
Director

Bathurst Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2014

*"A vibrant regional centre that enjoys a rural lifestyle, the
Bathurst Region achieves health and well being through
strengthening economic opportunities, planning for sustainable
growth, protecting and enhancing our assets, and encouraging
a supportive and inclusive community.
A Region full of community spirit and shared prosperity"*



Bathurst Regional Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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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).
-

Bathurst Regional 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 17 September 2014.



Gary Rush
MAYOR

Ian North
COUNCILLOR

David Sherley
GENERAL MANAGER

Robert Roach
RESPONSIBLE ACCOUNTING OFFICER

Bathurst Regional 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	1,858	1,696
User charges	10,820	9,508
Fees	152	103
Interest	370	387
Grants and contributions provided for non capital purposes	103	101
Profit from the sale of assets	-	(153)
Other income	70	73
Total income from continuing operations	13,373	11,715
Expenses from continuing operations		
Employee benefits and on-costs	2,876	2,762
Borrowing costs	-	-
Materials and contracts	4,809	4,419
Depreciation and impairment	3,350	3,206
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	122	121
Debt guarantee fee (if applicable)	-	-
Other expenses	1,365	1,378
Total expenses from continuing operations	12,522	11,886
Surplus (deficit) from Continuing Operations before capital amounts	851	(171)
Grants and contributions provided for capital purposes	1,751	1,056
Surplus (deficit) from Continuing Operations after capital amounts	2,602	885
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	2,602	885
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(255)	-
SURPLUS (DEFICIT) AFTER TAX	2,347	885
plus Opening Retained Profits	124,888	123,882
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	122	121
- Debt guarantee fees	-	-
- Corporate taxation equivalent	255	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	127,612	124,888
Return on Capital %	0.5%	-0.1%
Subsidy from Council	5,399	6,621
Calculation of dividend payable:		
Surplus (deficit) after tax	2,347	885
less: Capital grants and contributions (excluding developer contributions)	(359)	(569)
Surplus for dividend calculation purposes	1,988	316
Potential Dividend calculated from surplus	994	158

Bathurst Regional 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	6,590	6,172
User charges	1,338	1,258
Liquid Trade Waste charges	702	777
Fees	126	55
Interest	355	358
Grants and contributions provided for non capital purposes	103	101
Profit from the sale of assets	-	(4)
Other income	24	21
Total income from continuing operations	9,238	8,738
Expenses from continuing operations		
Employee benefits and on-costs	2,674	2,522
Borrowing costs	-	-
Materials and contracts	3,074	3,180
Depreciation and impairment	2,677	2,518
Loss on sale of assets	-	-
Calculated taxation equivalents	19	19
Debt guarantee fee (if applicable)	-	-
Other expenses	676	692
Total expenses from continuing operations	9,120	8,931
Surplus (deficit) from Continuing Operations before capital amounts	118	(193)
Grants and contributions provided for capital purposes	1,857	1,132
Surplus (deficit) from Continuing Operations after capital amounts	1,975	939
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1,975	939
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(35)	-
SURPLUS (DEFICIT) AFTER TAX	1,940	939
plus Opening Retained Profits	71,296	70,338
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	19	19
- Debt guarantee fees	-	-
- Corporate taxation equivalent	35	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	73,290	71,296
Return on Capital %	0.1%	-0.2%
Subsidy from Council	3,127	3,529
Calculation of dividend payable:		
Surplus (deficit) after tax	1,940	939
less: Capital grants and contributions (excluding developer contributions)	(593)	(667)
Surplus for dividend calculation purposes	1,347	272
Potential Dividend calculated from surplus	673	136

Bathurst Regional Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Waste	
	Category 1	
	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	3,800	3,595
Fees	3,966	3,284
Interest	136	134
Grants and contributions provided for non capital purposes	879	64
Profit from the sale of assets	125	-
Other income	-	-
Total income from continuing operations	8,906	7,077
Expenses from continuing operations		
Employee benefits and on-costs	1,960	1,911
Borrowing costs	107	117
Materials and contracts	3,739	2,804
Depreciation and impairment	446	418
Loss on sale of assets	103	141
Calculated taxation equivalents	80	77
Debt guarantee fee (if applicable)	0	2
Other expenses	41	33
Total expenses from continuing operations	6,476	5,503
Surplus (deficit) from Continuing Operations before capital amounts	2,430	1,574
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	2,430	1,574
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	2,430	1,574
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(729)	(472)
SURPLUS (DEFICIT) AFTER TAX	1,701	1,102
plus Opening Retained Profits	13,758	12,105
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	80	77
- Debt guarantee fees	0	2
- Corporate taxation equivalent	729	472
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	16,268	13,758
Return on Capital %	24.6%	17.0%
Subsidy from Council	-	-

Bathurst Regional 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	5,222	3,241
Investments	-	5,631
Receivables	2,629	2,837
Inventories	-	-
Other	5	-
Non-current assets classified as held for sale	-	-
Total Current Assets	7,856	11,709
Non-Current Assets		
Investments	13,332	7,000
Receivables	73	72
Inventories	-	-
Infrastructure, property, plant and equipment	175,574	171,078
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	188,979	178,150
TOTAL ASSETS	196,835	189,859
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	244	291
Interest bearing liabilities	-	-
Provisions	524	444
Total Current Liabilities	768	735
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	8	7
Total Non-Current Liabilities	8	7
TOTAL LIABILITIES	776	742
NET ASSETS	196,059	189,117
EQUITY		
Retained earnings	127,612	124,888
Revaluation reserves	68,447	64,229
Council equity interest	196,059	189,117
Non-controlling equity interest	-	-
TOTAL EQUITY	196,059	189,117

Bathurst Regional 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	8,473	8,219
Investments	-	3,682
Receivables	919	951
Inventories	-	-
Other	13	9
Non-current assets classified as held for sale	-	-
Total Current Assets	9,405	12,861
Non-Current Assets		
Investments	10,094	5,000
Receivables	44	51
Inventories	-	-
Infrastructure, property, plant and equipment	91,150	88,479
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	101,288	93,530
TOTAL ASSETS	110,693	106,391
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	184	254
Interest bearing liabilities	-	-
Provisions	426	406
Total Current Liabilities	610	660
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	4	2
Total Non-Current Liabilities	4	2
TOTAL LIABILITIES	614	662
NET ASSETS	110,079	105,729
EQUITY		
Retained earnings	73,290	71,296
Revaluation reserves	36,789	34,433
Council equity interest	110,079	105,729
Non-controlling equity interest	-	-
TOTAL EQUITY	110,079	105,729

Bathurst Regional Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

	Waste	
	Category 1	
\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	13,466	11,661
Investments	-	-
Receivables	602	534
Inventories	-	-
Other	1	2
Non-current assets classified as held for sale	-	-
Total Current Assets	14,069	12,197
Non-Current Assets		
Investments	-	-
Receivables	324	24
Inventories	-	-
Infrastructure, property, plant and equipment	10,326	9,973
Investments accounted for using equity method	-	-
Investment property	-	-
Total Non-Current Assets	10,650	9,997
TOTAL ASSETS	24,719	22,194
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	39	47
Interest bearing liabilities	62	57
Provisions	383	391
Total Current Liabilities	484	495
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	176	238
Provisions	3,959	3,871
Other Liabilities	-	-
Total Non-Current Liabilities	4,135	4,109
TOTAL LIABILITIES	4,619	4,604
NET ASSETS	20,100	17,590
EQUITY		
Retained earnings	16,268	13,758
Revaluation reserves	3,832	3,832
Council equity interest	20,100	17,590
Non-controlling equity interest	-	-
TOTAL EQUITY	20,100	17,590

Bathurst Regional Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents of the Notes accompanying the Financial Statements

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1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Bathurst Regional 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)

a. Bathurst Regional Council Water Supplies

Council's water supply activities (established as separate Special Rate Funds) servicing the region of Bathurst

b. Bathurst Regional Council Sewerage Service

Council's sewerage reticulation & treatment activities (established as a Special Rate Fund) servicing the region of Bathurst

c. Bathurst Regional Council Waste Services

Council's domestic waste service & solid waste depot activities (established as a Special Rate Fund) servicing the region of Bathurst

Category 2

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

Council has no Category 2 businesses.

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).

Bathurst Regional Council

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

Note 1. Significant Accounting Policies

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 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.

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.

Bathurst Regional Council

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

Note 1. Significant Accounting Policies

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

(ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of 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 June 2014.

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.

Bathurst Regional 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	122,000
(ii)	No of assessments multiplied by \$3/assessment	44,487
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	44,487
(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]	993,850
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	400,383
(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	2,564,700

2014 Surplus	1,987,700	2013 Surplus	316,000	2012 Surplus	261,000
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	400,383
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Bathurst Regional 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 (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	14,813
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)]	%	83.34%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	158,217
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	8,287
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	3,628
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.81%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

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

Bathurst Regional 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	19,000
(ii)	No of assessments multiplied by \$3/assessment	42,912
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	19,000
(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]	673,300
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	410,120
(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	2,007,600

2014 Surplus	1,346,600	2013 Surplus	272,000	2012 Surplus	389,000
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	410,120
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Bathurst Regional 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	10,784
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	88,989
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	6,424
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	2,993
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)]	%	1.85%
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	25,597
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.80%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	6,621
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	1.82%
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%

Bathurst Regional 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)	%	-12.13%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
NWI F23	Interest Cover (Water & Sewerage)		> 100
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		4,859
	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:		- 622
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	4,718
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	206
	Grants for Pensioner Rebates (w11b + s12b)		

- 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.

**INDEPENDENT AUDITOR'S REPORT
ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF
BATHURST REGIONAL COUNCIL**

Report on the Financial Statements

We have audited the special purpose financial statements of Bathurst Regional Council (Council) for the year ended 30 June 2014, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Council's Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of the financial statements 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 Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also includes establishing 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Bathurst Regional Council for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion, the special purpose financial statements of Bathurst Regional Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the statements were prepared.

The logo for intentus, featuring the word "intentus" in a stylized, lowercase, handwritten-style font.

intentus

291 Stewart Street
Bathurst
Dated: 8 October 2014

A handwritten signature in black ink, appearing to read "Lianne Smith".

**LR Smith
Director**

Bathurst Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2014

*"A vibrant regional centre that enjoys a rural lifestyle, the
Bathurst Region achieves health and well being through
strengthening economic opportunities, planning for sustainable
growth, protecting and enhancing our assets, and encouraging
a supportive and inclusive community.
A Region full of community spirit and shared prosperity"*



Bathurst Regional 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.

Bathurst Regional 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	1,962	-	-	(1,962)
Administration	11,994	1,494	-	(10,500)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	864	289	13	(562)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	145	197	-	52
Animal Control	369	74	-	(295)
Other	-	-	-	-
Total Public Order & Safety	1,378	560	13	(805)
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	202	-	-	(202)
Other Environmental Protection	1,128	1	-	(1,127)
Solid Waste Management	3,727	7,062	-	3,335
Street Cleaning	250	-	-	(250)
Drainage	1,173	69	354	(750)
Stormwater Management	249	-	540	291
Total Environment	6,729	7,132	894	1,297
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	2,853	2,605	20	(228)
Total Community Services & Education	2,853	2,605	20	(228)
Housing and Community Amenities				
Public Cemeteries	68	51	-	(17)
Public Conveniences	147	-	-	(147)
Street Lighting	1,047	108	-	(939)
Town Planning	1,261	52	-	(1,209)
Other Community Amenities	6	29	-	23
Total Housing and Community Amenities	2,529	240	-	(2,289)
Water Supplies	8,498	12,423	1,751	5,676
Sewerage Services	6,632	9,044	1,677	4,089

Bathurst Regional 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	1,476	179	-	(1,297)
Museums	1,066	520	2	(544)
Art Galleries	931	136	150	(645)
Community Centres and Halls	508	80	-	(428)
Performing Arts Venues	2,021	835	-	(1,186)
Other Performing Arts	-	-	-	-
Other Cultural Services	868	8	-	(860)
Sporting Grounds and Venues	745	113	103	(529)
Swimming Pools	760	-	-	(760)
Parks & Gardens (Lakes)	3,432	208	656	(2,568)
Other Sport and Recreation	3,711	2,374	2,822	1,485
Total Recreation and Culture	15,518	4,453	3,733	(7,332)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,319	868	-	(451)
Other Mining, Manufacturing & Construction	2	-	-	(2)
Total Mining, Manufacturing and Const.	1,321	868	-	(453)
Transport and Communication				
Urban Roads (UR) - Local	6,714	1,047	569	(5,098)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	4,877	-	-	(4,877)
Sealed Rural Roads (SRR) - Regional	215	4,385	-	4,170
Unsealed Rural Roads (URR) - Local	726	-	-	(726)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	7	-	-	(7)
Bridges on SRR - Local	42	-	-	(42)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	34	-	-	(34)
Footpaths	1,051	-	140	(911)
Aerodromes	351	409	-	58
Other Transport & Communication	1,981	761	-	(1,220)
Total Transport and Communication	15,998	6,602	709	(8,687)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	2,358	11,195	-	8,837
Total Economic Affairs	2,358	11,195	-	8,837
Totals – Functions	77,770	56,616	8,797	(12,357)
General Purpose Revenues ⁽²⁾		26,288		26,288
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	77,770	82,904	8,797	13,931

(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

Bathurst Regional 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	6,189	15,860	22,049	3,000	2,903	-	-	1,543	3,286	18,860	22,146
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	6,189	15,860	22,049	3,000	2,903	-	-	1,543	3,286	18,860	22,146
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	6,189	15,860	22,049	3,000	2,903	-	-	1,543	3,286	18,860	22,146

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).

Bathurst Regional 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	1,349	1,151
b. Engineering and Supervision	1,051	736
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	472	381
b. Maintenance expenses	117	153
- Mains		
c. Operation expenses	1,015	972
d. Maintenance expenses	1,125	1,000
- Reservoirs		
e. Operation expenses	16	16
f. Maintenance expenses	78	60
- Pumping Stations		
g. Operation expenses (excluding energy costs)	5	11
h. Energy costs	190	187
i. Maintenance expenses	19	2
- Treatment		
j. Operation expenses (excluding chemical costs)	1,746	1,910
k. Chemical costs	636	682
l. Maintenance expenses	466	504
- Other		
m. Operation expenses	2	2
n. Maintenance expenses	-	-
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	3,263	3,150
b. Plant and equipment	87	55
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	763	793
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	12,400	11,765

Bathurst Regional 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)	1,346	1,199
b. Usage charges	6,731	5,698
7. Non-residential charges		
a. Access (including rates)	512	497
b. Usage charges	4,089	3,810
8. Extra charges	59	55
9. Interest income	311	332
10. Other income	222	176
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	20
b. Grants for pensioner rebates	103	101
c. Other grants	-	-
12. Contributions		
a. Developer charges	1,392	761
b. Developer provided assets	359	275
c. Other contributions	-	-
13. Total income	15,124	12,924
14. Gain (or loss) on disposal of assets	-	(153)
15. Operating Result	2,724	1,006
15a. Operating Result (less grants for acquisition of assets)	2,724	986

Bathurst Regional 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	1,213	1,374
b. New Assets for Growth	992	344
c. Renewals	1,102	890
d. Plant and equipment	321	56
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	3,628	2,664
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)	12,552	12,512
b. Residential (unoccupied, ie. vacant lot)	758	466
c. Non-residential (occupied)	1,330	1,323
d. Non-residential (unoccupied, ie. vacant lot)	189	199
25. Number of ETs for which developer charges were received	281 ET	159 ET
26. Total amount of pensioner rebates (actual dollars)	\$103,225	\$100,645

Bathurst Regional 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"/>			
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"/> Yes	<input type="checkbox"/>	
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.

Bathurst Regional 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	-	13,332	13,332
b. Special purpose grants	7	-	7
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,215	-	5,215
31. Receivables			
a. Specific purpose grants	33	-	33
b. Rates and Availability Charges	760	73	833
c. User Charges	1,757	-	1,757
d. Other	79	-	79
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	158,217	158,217
b. Plant and equipment	-	17,357	17,357
34. Other assets	5	-	5
35. Total assets	7,856	188,979	196,835
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	237	-	237
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	531	8	539
40. Total liabilities	768	8	776
41. NET ASSETS COMMITTED	7,088	188,971	196,059
EQUITY			
42. Accumulated surplus			127,612
43. Asset revaluation reserve			68,447
44. TOTAL EQUITY			196,059
Note to system assets:			
45. Current replacement cost of system assets			284,759
46. Accumulated current cost depreciation of system assets			(126,542)
47. Written down current cost of system assets			158,217

Bathurst Regional 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	2,737	2,763
b. Engineering and Supervision	226	244
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	88	47
b. Maintenance expenses	568	474
- Pumping Stations		
c. Operation expenses (excluding energy costs)	456	353
d. Energy costs	69	73
e. Maintenance expenses	192	146
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,202	1,225
g. Chemical costs	27	-
h. Energy costs	605	616
i. Effluent Management	-	-
j. Biosolids Management	17	30
k. Maintenance expenses	237	423
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	2,608	2,496
b. Plant and equipment	69	22
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	9,101	8,912

Bathurst Regional 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)	5,543	5,167
7. Non-residential charges		
a. Access (including rates)	1,128	1,077
b. Usage charges	1,257	1,186
8. Trade Waste Charges		
a. Annual Fees	28	28
b. Usage charges	674	749
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	44	57
10. Interest income	311	301
11. Other income	150	76
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	103	101
c. Other grants	-	-
13. Contributions		
a. Developer charges	1,264	778
b. Developer provided assets	413	354
c. Other contributions	180	-
14. Total income	11,095	9,874
15. Gain (or loss) on disposal of assets	-	(4)
16. Operating Result	1,994	958
16a. Operating Result (less grants for acquisition of assets)	1,994	958

Bathurst Regional 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	620	309
b. New Assets for Growth	1,168	2,530
c. Renewals	708	938
d. Plant and equipment	497	212
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	2,993	3,989
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	12,441	12,224
b. Residential (unoccupied, ie. vacant lot)	360	250
c. Non-residential (occupied)	1,314	1,312
d. Non-residential (unoccupied, ie. vacant lot)	189	199
26. Number of ETs for which developer charges were received	262 ET	167 ET
27. Total amount of pensioner rebates (actual dollars)	\$103,254	\$100,855

Bathurst Regional 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"/> Yes	<input type="checkbox"/>	
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" value="-"/>
<p>* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>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.</p>			

Bathurst Regional 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	-	10,094	10,094
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	8,473	-	8,473
32. Receivables			
a. Specific purpose grants	2	-	2
b. Rates and Availability Charges	520	44	564
c. User Charges	338	-	338
d. Other	59	-	59
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	88,989	88,989
b. Plant and equipment	-	2,161	2,161
35. Other assets	13	-	13
36. Total Assets	9,405	101,288	110,693
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	184	-	184
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	426	4	430
41. Total Liabilities	610	4	614
42. NET ASSETS COMMITTED	8,795	101,284	110,079
EQUITY			
42. Accumulated surplus			73,290
44. Asset revaluation reserve			36,789
45. TOTAL EQUITY			110,079
Note to system assets:			
46. Current replacement cost of system assets			189,963
47. Accumulated current cost depreciation of system assets			(100,974)
48. Written down current cost of system assets			88,989

Bathurst Regional 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.

Bathurst Regional 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	Aerodrome	-	1	13	839	6%	94%	0%	0%	0%
	Aged & Disabled	-	3	8	2,823	28%	72%	0%	0%	0%
	Animal Control	-	-	6	198	100%	0%	0%	0%	0%
	Bushfire	148	30	16	1,311	46%	34%	14%	6%	0%
	Cemeteries	-	-	-	142	5%	95%	0%	0%	0%
	Childcare	-	1	12	1,120	0%	100%	0%	0%	0%
	Community Centres	-	1	14	957	55%	45%	0%	0%	0%
	Council Chambers	-	10	50	6,387	0%	100%	0%	0%	0%
	Depot	1	5	60	5,831	56%	43%	1%	0%	0%
	Emergency Services	-	-	1	281	0%	100%	0%	0%	0%
	Family Day Care	-	-	6	2,355	100%	0%	0%	0%	0%
	Library	-	9	11	6,584	0%	100%	0%	0%	0%
	Museums	281	40	20	4,958	91%	5%	3%	1%	0%
	Other Community Services	-	-	-	1,308	84%	16%	0%	0%	0%
	Other Cultural Services	-	-	73	138	0%	100%	0%	0%	0%
	Other Sport & Recreation	25	67	272	38,566	76%	20%	4%	0%	0%
	Other Waste Management	4	1	-	897	84%	16%	0%	0%	0%
	Parks & Gardens	-	3	16	1,292	30%	66%	4%	0%	0%
	Public Conveniences	-	1	16	1,202	48%	52%	0%	0%	0%
	Public Halls	-	1	3	13,410	96%	4%	0%	0%	0%
	Rental Buildings	76	24	15	2,242	28%	60%	9%	3%	0%
	Saleyards	-	-	-	84	0%	100%	0%	0%	0%
	Sewerage Supply Network	-	-	-	646	100%	0%	0%	0%	0%
	Sporting Grounds	30	29	42	10,222	18%	78%	4%	0%	0%
	Visitor Centre	-	-	6	1,776	100%	0%	0%	0%	0%
	Water Supply Network	-	-	-	2,069	31%	66%	3%	0%	0%
	sub total	565	226	660	107,638	58.4%	39.0%	2.5%	0.2%	0.0%

Bathurst Regional Council

Special Schedule No. 7 - Report on Infrastructure Assets (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
Other Structures	Other Structures	626	171	-	13,580	41%	44%	12%	3%	0%
	sub total	626	171	-	13,580	41.0%	44.0%	12.0%	3.0%	0.0%
Roads	Urban Roads	10,066	6,702	417	80,630	36%	8%	17%	39%	0%
	Sealed Rural Roads	6,260	6,778	1,479	173,426	36%	7%	30%	27%	0%
	Unsealed Roads	2,065	146	7,479	4,380	32%	28%	30%	10%	0%
	Bridges & Culverts	1,238	474	66	22,931	5%	21%	27%	47%	0%
	Footpaths	589	265	205	8,667	17%	6%	29%	48%	0%
	Parking Areas	156	61	33	75	10%	9%	67%	9%	5%
	Bus Shelters	46	11	18	-	0%	55%	36%	8%	
	Aerodrome	1,952	759	51	1	51%	10%	37%	2%	0%
	sub total	22,372	15,196	9,748	290,110	32.9%	8.7%	26.1%	32.3%	0.0%
Water Supply Network	Pump Stations	722	245	19	641	5%	26%	19%	44%	5%
	Reservoirs	2,164	550	79	12,206	1%	59%	32%	8%	0%
	Dams	3,596	1,669	1,173	67,255	56%	0%	42%	2%	0%
	Hydrants / Valves / Pipelines	13,613	5,415	1,083	65,454	28%	39%	30%	3%	0%
	Treatment Plants	5,400	985	466	12,661	1%	14%	67%	18%	0%
	sub total	25,495	8,864	2,820	158,217	35.6%	21.9%	38.2%	4.3%	0.0%
Sewerage Network	Pump Stations	782	170	27	11,993	44%	25%	25%	7%	0%
	Sewer Pipes & Mains	13,611	4,284	568	62,954	22%	35%	34%	9%	0%
	Treatment Works	8,107	1,407	3,095	14,042	0%	37%	27%	36%	0%
	sub total	22,500	5,861	3,690	88,989	21.5%	34.0%	31.7%	13.0%	0.0%

Bathurst Regional Council

Special Schedule No. 7 - Report on Infrastructure Assets (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
Stormwater	All Drainage Structures	778	569	540	64,744	44%	32%	20%	0%	0%
	sub total	778	569	540	64,744	44.0%	32.0%	20.0%	0.0%	0.0%
Open Space/ Recreational Assets	Swimming Pools	-	-	-	12,685	100%	0%	0%	0%	0%
	sub total	-	-	-	12,685	100.0%	0.0%	0.0%	0.0%	0.0%
	TOTAL - ALL ASSETS	72,336	30,887	17,458	735,963	38.1%	21.6%	24.7%	15.3%	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

Bathurst Regional 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 20132012	
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	9,403	63.45%	27.64%	30.67%
Depreciation, Amortisation & Impairment	14,819			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	72,336	0.10	0.09	0.10
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	735,963			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	17,458	0.57	0.46	1.16
Required Asset Maintenance	30,887			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	18,998	1.08	1.17	1.20
Annual Depreciation	17,600			

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

Bathurst Regional 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>	33.77%	27.15%	84.86%
Depreciation, Amortisation & Impairment			
prior period:	28.25%	37.58%	24.65%
2. Infrastructure Backlog Ratio			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>			
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	0.16	0.25	0.05
prior period:	0.11	0.20	0.06
3. Asset Maintenance Ratio			
<u>Actual Asset Maintenance</u>			
Required Asset Maintenance	0.32	0.63	0.68
prior period:	0.55	0.42	0.44
4. Capital Expenditure Ratio			
<u>Annual Capital Expenditure</u>			
Annual Depreciation	1.08	1.12	1.07
prior period:	0.83	1.58	1.26

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

Bathurst Regional 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	91,701	94,334	102,286	105,017	105,003	107,889	109,760	113,017	115,480	118,846	122,556
Expenses from continuing operations	77,770	81,980	80,955	83,566	85,816	88,367	91,056	94,358	96,900	100,067	103,408
Operating Result from Continuing Operations	13,931	12,354	21,331	21,451	19,187	19,522	18,704	18,659	18,580	18,779	19,148
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	11,712	16,803	18,374	24,087	18,410	17,499	17,059	17,960	16,008	15,850	15,629
Replacement/Refurbishment of Existing Assets	9,403	7,515	7,740	7,973	8,212	8,458	8,712	8,973	9,243	9,520	9,805
Total Capital Budget	21,115	24,318	26,114	32,060	26,622	25,957	25,771	26,933	25,251	25,370	25,434
Funded by:											
– Loans	3,000	2,000	-	-	-	-	-	-	-	-	-
– Asset sales	2,801	1,035	946	1,015	969	959	1,061	983	1,005	1,076	1,045
– Reserves	6,116	5,119	6,364	8,984	4,236	4,741	4,910	4,767	6,115	6,519	7,090
– Grants/Contributions	5,472	3,710	3,752	3,810	3,869	3,930	3,992	4,056	4,121	4,187	4,256
– Recurrent revenue	3,726	12,454	15,052	18,251	17,548	16,327	15,808	17,127	14,010	13,588	13,043
	21,115	24,318	26,114	32,060	26,622	25,957	25,771	26,933	25,251	25,370	25,434

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.

Bathurst Regional 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	21,927	21,927
Plus or minus Adjustments ⁽²⁾	b	(656)	258
Notional General Income	c	21,271	22,185
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	723	510
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	21,994	22,695
plus (or minus) last year's Carry Forward Total	l	-	45
less Valuation Objections claimed in the previous year	m	(22)	-
sub-total	n = (l + m)	(22)	45
Total Permissible income	o = k + n	21,972	22,740
less Notional General Income Yield	p	21,927	22,750
Catch-up or (excess) result	q = o - p	45	(10)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	45	(10)

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.

AUDITOR'S REPORT
PERMISSIBLE GENERAL INCOME (SPECIAL SCHEDULE No.9)
OF BATHURST REGIONAL COUNCIL

Scope

We have audited the special purpose financial report comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Bathurst Regional Council for the 2014-'15 financial year.

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.

Responsibility of the Auditor

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.

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.

Audit Opinion

In our opinion, the reconciliation of Council's total permissible general income (Special Schedule 9) which shows a carry forward excess total for 2014-'15 of **nine thousand three hundred and seventy-two dollars (\$9,372)** 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.

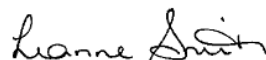
Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the fact that Special Schedule 9 - the reconciliation of total permissible general income is a special purpose financial report which has been prepared for distribution to the Council and 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 financial report may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the financial report was prepared.

The logo for intentus, featuring the word "intentus" in a stylized, lowercase, handwritten-style font.

intentus

291 Stewart Street
Bathurst
Dated: 8 October 2014

A handwritten signature in black ink that reads "Lianne Smith".

**LR Smith
Director**



BATHURST 
REGIONAL COUNCIL

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