



BATHURST REGIONAL COUNCIL

FINANCIAL STATEMENTS 2012-2013

Bathurst Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

*"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 2013

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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 18 October 2013. Council has the power to amend and reissue these financial statements.
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Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2013.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

Bathurst Regional Council

General Purpose Financial Statements for the financial year ended 30 June 2013

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18 September 2013.



Gary Rush
MAYOR



Ian North
DEPUTY MAYOR



Robert Roach
ACTING GENERAL MANAGER AND
RESPONSIBLE ACCOUNTING OFFICER

Bathurst Regional Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013 \$ '000		Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
Revenue:				
31,947	Rates & Annual Charges	3a	31,177	30,072
19,228	User Charges & Fees	3b	21,183	20,066
3,590	Interest & Investment Revenue	3c	3,605	3,223
2,684	Other Revenues	3d	3,508	3,415
15,226	Grants & Contributions provided for Operating Purposes	3e,f	14,670	15,454
5,760	Grants & Contributions provided for Capital Purposes	3e,f	4,578	4,959
Other Income:				
3,860	Net gains from the disposal of assets	5	7,258	7,905
82,295	Total Income from Continuing Operations		85,979	85,094
Expenses from Continuing Operations				
28,679	Employee Benefits & On-Costs	4a	26,890	26,962
1,837	Borrowing Costs	4b	1,182	997
23,338	Materials & Contracts	4c	21,304	21,391
15,223	Depreciation & Amortisation	4d	17,266	16,230
9,430	Other Expenses	4e	9,563	8,655
78,507	Total Expenses from Continuing Operations		76,205	74,235
3,788	Operating Result from Continuing Operations		9,774	10,859
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
3,788	Net Operating Result for the Year		9,774	10,859
3,788	Net Operating Result attributable to Council		9,774	10,859
-	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,972)			5,196	5,900

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

Bathurst Regional Council

Statement of Comprehensive Income
for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		9,774	10,859
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	10,459	28,229
Total Items which will not be reclassified subsequently to the Operating Result		10,459	28,229
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		10,459	28,229
Total Comprehensive Income for the Year		20,233	39,088
Total Comprehensive Income attributable to Council		20,233	39,088
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Bathurst Regional Council

Statement of Financial Position
as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	2,913	4,841
Investments	6b	59,700	48,435
Receivables	7	8,590	8,959
Inventories	8	1,853	1,949
Other	8	200	182
Total Current Assets		73,256	64,366
Non-Current Assets			
Investments	6b	12,000	18,000
Receivables	7	672	515
Inventories	8	3,639	3,469
Infrastructure, Property, Plant & Equipment	9	960,516	947,165
Investment Property	14	9,487	8,998
Total Non-Current Assets		986,314	978,147
TOTAL ASSETS		1,059,570	1,042,513
LIABILITIES			
Current Liabilities			
Payables	10	3,300	3,502
Borrowings	10	6,189	2,867
Provisions	10	9,434	9,627
Total Current Liabilities		18,923	15,996
Non-Current Liabilities			
Payables	10	1,150	1,137
Borrowings	10	15,860	22,049
Provisions	10	3,941	3,868
Total Non-Current Liabilities		20,951	27,054
TOTAL LIABILITIES		39,874	43,050
Net Assets		1,019,696	999,463
EQUITY			
Retained Earnings	20	586,403	576,629
Revaluation Reserves	20	433,293	422,834
Council Equity Interest		1,019,696	999,463
Non-controlling Interests		-	-
Total Equity		1,019,696	999,463

Bathurst Regional Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		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
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		565,770	394,605	960,375	-	960,375
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		565,770	394,605	960,375	-	960,375
c. Net Operating Result for the Year		10,859	-	10,859	-	10,859
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	28,229	28,229	-	28,229
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	28,229	28,229	-	28,229
Total Comprehensive Income (c&d)		10,859	28,229	39,088	-	39,088
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		576,629	422,834	999,463	-	999,463

Bathurst Regional Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
32,338	Rates & Annual Charges		31,239	30,082
19,619	User Charges & Fees		21,583	21,496
3,590	Investment & Interest Revenue Received		3,622	3,343
20,986	Grants & Contributions		20,333	20,381
-	Bonds, Deposits & Retention amounts received		100	-
2,445	Other		6,759	4,969
Payments:				
(28,150)	Employee Benefits & On-Costs		(27,271)	(25,858)
(23,214)	Materials & Contracts		(23,734)	(24,718)
(1,837)	Borrowing Costs		(1,100)	(899)
-	Bonds, Deposits & Retention amounts refunded		-	(96)
(9,394)	Other		(12,059)	(9,189)
16,383	Net Cash provided (or used in) Operating Activities	11b	19,472	19,511
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		48,435	45,152
2,804	Sale of Real Estate Assets		7,681	7,816
463	Sale of Infrastructure, Property, Plant & Equipment		1,046	1,423
Payments:				
(3,409)	Purchase of Investment Securities		(53,700)	(49,530)
-	Purchase of Investment Property		(173)	-
(18,983)	Purchase of Infrastructure, Property, Plant & Equipment		(21,213)	(20,196)
-	Purchase of Real Estate Assets		(454)	(658)
-	Deferred Debtors & Advances Made		(155)	(88)
(19,125)	Net Cash provided (or used in) Investing Activities		(18,533)	(16,081)
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		-	2,555
Payments:				
(2,927)	Repayment of Borrowings & Advances		(2,867)	(3,033)
(2,927)	Net Cash Flow provided (used in) Financing Activities		(2,867)	(478)
(5,669)	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,928)	2,952
6,279	plus: Cash & Cash Equivalents - beginning of year	11a	4,841	1,889
610	Cash & Cash Equivalents - end of the year	11a	2,913	4,841
Additional Information:				
	plus: Investments on hand - end of year	6b	71,700	66,435
	Total Cash, Cash Equivalents & Investments		74,613	71,276

Please refer to Note 11 for information on Non Cash Financing and Investing Activities

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

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

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2013) and (ii) all the related operating results (for the financial year ended the 30th June 2013).

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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

(iii) Joint Ventures

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

(iv) Associated Entities

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

(v) County Councils

Council is a member of the following County Councils (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 each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Councils and accordingly these entities have 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.

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

When a receivable for which an impairment allowance had been recognised becomes

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 Division of Local Government.

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(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** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

Water and sewerage network assets are indexed annually between full revaluations in accordance

with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

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

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

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

Capitalisation Thresholds & Depreciation Rates

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

Plant & Equipment, Office Equipment, Furniture & Fittings, Leased Plant & Equipment

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with Local Government Accounting requirements are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

- | | |
|--------------------------------|---------------|
| - Plant & Equipment | 5 to 15 years |
| - Office Furniture & Equipment | 3 to 10 years |

Asset capitalisation thresholds include:

- | | |
|--------------------------------|---------|
| - Plant & Equipment | \$5,000 |
| - Office Furniture & Equipment | \$2,000 |

Land - Council owned and Council controlled

Freehold land was valued by independent valuation in the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost.

Land over which Council has control, but does not have title, was valued by Council officers at municipal site value during the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

All land acquired after 1 July 1995 is recorded at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Current valuation

An independent valuation of freehold land based on market value was undertaken for Bathurst Regional Council as at 1 July 2007 by the Valuer General's Department and totalled \$57,540,090.

A valuation of controlled land was undertaken for Bathurst Regional Council on a municipal site value basis by the Valuer General's Department as at 1 July 2007 and totalled \$4,826,020.

These new valuations have not been brought to account as Council will continue to adopt the "cost" basis for recording these classes of assets.

Buildings

An independent valuation of Bathurst Regional Council's major buildings (being individual buildings the loss of which would have a material effect on the operations of Council), based on fair value as at 30 June 2013 was undertaken by CB Richard Ellis, Registered Valuers and totalled \$121,554,000.

The valuation has been made in accordance with recognised valuation procedures as to fair and reasonable value, useful life and remaining life. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

- Buildings 100 years
- Structures 10 to 50 years

Asset capitalisation thresholds include:

- New construction/extensions \$10,000
- Structures \$5,000

Land Improvements, Other Structures and Infrastructure

Water and sewer infrastructure was valued by Council officers at written down current replacement cost during the reporting period ended 30 June 2012.

Major depreciation periods are:

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

Augmentation works constructed subject to PWD schemes are recorded as follows:

- Where the scheme has not been commissioned, works are recorded at cost (including borrowing costs).
- Where the scheme has been commissioned but the final cost to Council has not been determined, the scheme has been recorded as a single asset and depreciated from the date of commissioning. The depreciation period has been selected, depending on the nature of the scheme, having regard to the depreciation period applicable to its major components as shown above.
- Where the final cost to Council has been determined, carrying value of the scheme has been apportioned between the individual components and depreciation periods adopted as shown above.

Asset capitalisation thresholds include:

- Water \$10,000
- Sewer \$10,000

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

- Sealed Roads - Surface 20 to 25 years
- Sealed Roads - Pavement 80 years
- Unsealed Roads 100 years
- Bridges - Concrete 80 years
- Footpaths 50 years
- Bulk Earthworks indefinite

Asset capitalisation thresholds include:

Road/Bridges/Footpaths & Bulk Earthworks \$10,000

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Transportation assets within the city boundary include bulk earthworks undertaken in prior periods. Council believes such amounts to be immaterial to warrant separate classification into the asset category. Council considers that due to the flat nature of the landforms in this area that it does not incur significant expenditure in the nature of bulk earthworks. However, bulk earthworks on rural roads have been separately identified.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2010 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

- Drainage 100 years

Asset capitalisation thresholds include:

- Drainage \$10,000

All other assets

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with Local Government Accounting requirements are recorded at deemed cost, being the carrying value of those assets at 31 December 1992. Artworks and Heritage Collections were valued by an independent valuer as at 30 June 2011.

Major depreciation periods are:

- Library Books 5 years
- Artworks & Heritage Collections 100 years
- Mobile Garbage Bins 10 years

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 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.

(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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 balance sheet 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 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 the entity 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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(v) Borrowing costs

Borrowing costs are 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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 settled within the 12 months after the reporting period.

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 2013 the prior period deficit still exists.

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

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 30/6/13.

(y) Self insurance

Council does not self insure.

(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 Balance Sheet are stated inclusive of any applicable GST.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

Operating cash flows within the 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 UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

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

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

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

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

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

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

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

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Applicable to Local Government but no implications for Council;

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

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

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

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

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

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

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

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

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to

Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

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

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

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

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

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced

Disclosure Requirements (effective 1 January 2013)

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

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

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

The amendments will have to be implemented retrospectively.

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

Not applicable to Local Government per se;

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

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

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

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

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

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

(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 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	2,035	1,982	1,608	(2,035)	(1,982)	(1,608)	-	-	92	71
Administration	250	1,680	1,852	12,496	12,130	13,338	(12,246)	(10,450)	(11,486)	-	-	39,312	78,898
Public Order & Safety	553	594	754	1,366	1,326	1,262	(813)	(732)	(508)	348	387	3,620	3,594
Health	-	-	-	-	-	-	-	-	-	-	-	78	87
Environment	7,681	8,245	8,798	8,261	8,019	8,075	(580)	226	723	341	1,603	94,084	80,607
Community Services & Education	2,743	2,938	2,812	3,193	3,092	2,778	(450)	(154)	34	1,783	1,850	9,352	9,120
Housing & Community Amenities	497	533	1,061	2,992	2,904	2,468	(2,495)	(2,371)	(1,407)	175	131	9,210	5,355
Water Supplies	11,062	11,874	10,334	8,117	7,879	6,584	2,945	3,995	3,750	121	882	180,700	184,343
Sewerage Services	8,985	9,645	8,339	6,557	6,365	5,887	2,428	3,280	2,452	101	100	106,390	105,924
Recreation & Culture	4,619	4,958	5,350	14,220	13,803	13,682	(9,601)	(8,845)	(8,332)	893	765	154,655	135,568
Mining, Manufacturing & Construction	818	878	834	1,368	1,328	1,272	(550)	(450)	(438)	-	-	209	214
Transport & Communication	6,527	7,006	8,034	15,758	15,296	14,997	(9,231)	(8,290)	(6,963)	934	988	438,093	417,493
Economic Affairs	8,548	9,176	8,691	2,144	2,081	2,284	6,404	7,095	6,407	15	19	23,775	21,239
Total Functions & Activities	52,283	57,527	56,859	78,507	76,205	74,235	(26,224)	(18,678)	(17,376)	4,711	6,725	1,059,570	1,042,513
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	30,012	28,452	28,235	-	-	-	30,012	28,452	28,235	6,417	8,117	-	-
Operating Result from Continuing Operations	82,295	85,979	85,094	78,507	76,205	74,235	3,788	9,774	10,859	11,128	14,842	1,059,570	1,042,513

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 2013

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Bathurst Regional Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		12,867	12,168
Farmland		1,910	1,847
Mining		11	11
Business		5,150	4,970
Total Ordinary Rates		19,938	18,996
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		2,911	2,737
Water Supply Services		1,602	1,957
Sewerage Services		6,087	5,758
Waste Management Services (non-domestic)		639	624
Total Annual Charges		11,239	11,076
TOTAL RATES & ANNUAL CHARGES		31,177	30,072

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 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		8,705	6,123
Sewerage Services		1,215	1,045
Waste Management Services (non-domestic)		1,764	1,636
Total User Charges		11,684	8,804
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		1,046	999
Private Works - Section 67		131	220
Section 603 Certificates		71	84
Total Fees & Charges - Statutory/Regulatory		1,248	1,303
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		280	273
Advertising		72	69
Art Gallery		8	8
Cemeteries		236	196
Chifley Home		10	11
Child Care		1,142	1,135
Entertainment Centre		513	501
Library & Art Gallery		47	53
Mount Panorama		2,096	1,972
National Motor Racing Museum		237	190
RMS (formerly RTA) Charges (State Roads not controlled by Council)		2,455	4,590
Sewerage		802	589
Sports Stadium		-	136
Water		169	166
Other		184	70
Total Fees & Charges - Other		8,251	9,959
TOTAL USER CHARGES & FEES		21,183	20,066

Bathurst Regional Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		274	388
- Interest earned on Investments (interest & coupon payment income)		3,745	3,741
- Interest on Deferred Debtors		-	16
Impairment Losses/Reversals			
- Impairment (Losses)/Reversals - Investments other than AFS		-	(63)
Less: Interest deducted for Capitalised Borrowing Costs		(414)	(859)
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>3,605</u>	<u>3,223</u>

Interest Revenue is attributable to:

Unrestricted Investments/Financial Assets:

Overdue Rates & Annual Charges (General Fund)	274	172
General Council Cash & Investments	64	43

Restricted Investments/Funds - External:

Development Contributions		
- Section 94	114	118
- Section 64	471	538
Water Fund Operations	104	197
Sewerage Fund Operations	170	148
Domestic Waste Management operations	134	69
Other Externally Restricted Assets Unexpended Loans	515	859

Restricted Investments/Funds - Internal:

Internally Restricted Assets	1,759	1,079
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<u>Total Interest & Investment Revenue Recognised</u>	<u>3,605</u>	<u>3,223</u>
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(d) Other Revenues

Fair Value Adjustments - Investment Properties	14	316	107
Rental Income - Investment Properties	14	797	815
Rental Income - Other Council Properties		908	892
Fines		48	47
Fines - Parking		218	211
Legal Fees Recovery - Rates & Charges (Extra Charges)		3	6
Commissions & Agency Fees		36	28
Insurance Claim Recoveries		97	110
Insurance Rebates		207	320
Mount Panorama		272	282
Recycling Income (non domestic)		1	118
Sales - Miscellaneous		289	219
Other		316	260
<u>TOTAL OTHER REVENUE</u>		<u>3,508</u>	<u>3,415</u>

Bathurst Regional Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	6,135	7,840	-	-
Pensioners' Rates Subsidies - General Component	282	277	-	-
Total General Purpose	6,417	8,117	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	101	100	-	-
- Sewerage	101	100	-	-
- Domestic Waste Management	64	63	-	-
Water Supplies	-	-	20	782
Bushfire & Emergency Services	328	316	20	71
Community Care	1,783	1,827	-	34
Community Centres	76	8	-	-
Economic Development	15	19	-	-
Environmental Protection	140	364	-	-
Flood Restoration	-	-	137	1,176
Heritage & Cultural	562	565	96	-
Mount Panorama	-	40	149	-
Recreation & Culture	-	9	10	50
Strategic Planning	67	25	-	-
Street Lighting	108	106	-	-
Transport (Roads to Recovery)	857	857	-	-
Transport (Cycleways)	-	-	-	131
Other	77	82	-	-
Total Specific Purpose	4,279	4,481	432	2,244
Total Grants	10,696	12,598	432	2,244
Grant Revenue is attributable to:				
- Commonwealth Funding	8,218	10,762	-	1,205
- State Funding	1,561	1,777	49	1,039
- Other Funding	917	59	383	-
	10,696	12,598	432	2,244

Bathurst Regional Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
Developer Contributions: (s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	507	431
S 64 - Water Supply Contributions	-	-	487	469
S 64 - Sewerage Service Contributions	-	-	465	438
Total Developer Contributions	17 -	-	1,459	1,338
Other Contributions:				
Art Gallery	-	-	146	21
Car Parking Enforcement	44	57	-	-
Dedications (other than by S94)	-	-	1,531	511
Heritage/Cultural	14	-	-	-
Other Councils - Joint Works/Services	141	193	-	-
Recreation & Culture	-	-	257	160
Roads & Bridges	-	-	50	170
RMS Contributions (Regional Roads, Block Grant)	3,580	2,415	-	350
Sewerage (excl. Section 64 contributions)	-	-	354	51
Tourist Centre	166	164	-	-
Water Supplies (excl. Section 64 contributions)	-	-	275	86
Other	29	27	74	28
Total Other Contributions	3,974	2,856	2,687	1,377
Total Contributions	3,974	2,856	4,146	2,715
TOTAL GRANTS & CONTRIBUTIONS	14,670	15,454	4,578	4,959

\$ '000	Actual 2013	Actual 2012
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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	30,009	26,034
add: Grants & contributions recognised in the current period but not yet spent:	6,658	6,702
less: Grants & contributions recognised in a previous reporting period now spent:	(4,609)	(2,727)
Net Increase (Decrease) in Restricted Assets during the Period	2,049	3,975
Unexpended and held as Restricted Assets	32,058	30,009
Comprising:		
- Specific Purpose Unexpended Grants	4,870	5,769
- Developer Contributions	27,188	24,240
	32,058	30,009

Bathurst Regional Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		18,775	17,967
Travelling		552	677
Employee Leave Entitlements (ELE)		2,948	4,257
Superannuation		2,534	2,324
Workers' Compensation Insurance		1,602	1,224
Fringe Benefit Tax (FBT)		201	215
Payroll Tax		169	220
Training Costs (other than Salaries & Wages)		235	257
Other		82	68
Total Employee Costs		27,098	27,209
less: Capitalised Costs		(208)	(247)
TOTAL EMPLOYEE COSTS EXPENSED		26,890	26,962
Number of "Equivalent Full Time" Employees at year end		350	350
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		1,720	1,790
Total Interest Bearing Liability Costs		1,720	1,790
less: Capitalised Costs		(631)	(907)
Total Interest Bearing Liability Costs Expensed		1,089	883
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	93	114
Total Other Borrowing Costs		93	114
TOTAL BORROWING COSTS EXPENSED		1,182	997

Bathurst Regional Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		18,757	18,670
Contractor & Consultancy Costs		403	310
Auditors Remuneration ⁽¹⁾		111	151
Legal Expenses:			
- Legal Expenses: Planning & Development		118	44
- Legal Expenses: Debt Recovery		1	11
- Legal Expenses: Other		293	749
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		639	587
Recycling Services		982	869
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>21,304</u>	<u>21,391</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
- Other audit & assurance services - The Somerville Collection

Remuneration for audit and other assurance services

60	74
5	-
65	74

(ii) Taxation Services

- Tax compliance services

Remuneration for taxation services

1	-
1	-

(iii) Internal Audit

- Internal Auditor
- Audit and Risk Management Committee

Remuneration for other services

37	57
8	20
45	77

Total Auditor Remuneration

111	151
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2. Operating Lease Payments are attributable to:

Computers	639	587
	639	587

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,836	2,085
Office Equipment		-	-	161	165
Furniture & Fittings		-	-	36	41
Land Improvements (depreciable)		-	-	262	250
Buildings - Non Specialised		-	-	751	740
Buildings - Specialised		-	-	566	513
Other Structures		-	-	466	455
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	6,336	6,263
- Stormwater Drainage		-	-	857	843
- Water Supply Network		-	-	3,150	2,462
- Sewerage Network		-	-	2,496	2,074
Other Assets					
- Heritage Collections		-	-	78	78
- Library Books		-	-	136	117
- Other		-	-	82	91
Asset Reinstatement Costs	9 & 26	-	-	53	53
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	17,266	16,230

Bathurst Regional Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		562	406
Bad & Doubtful Debts		65	(6)
Bank Charges		131	120
Cleaning		462	510
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		52	39
- NSW Fire Brigade Levy		200	198
- NSW Rural Fire Service Levy		277	265
Councillor Expenses - Mayoral Fee		37	36
Councillor Expenses - Councillors' Fees		151	150
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		37	40
Donations, Contributions & Assistance to other organisations (Section 356)		143	87
- Footpath & Gutter Maintenance		78	47
- Somerville Collection		101	262
Election Expenses		212	-
Electricity & Heating		2,562	2,239
Insurance		1,493	1,486
Office Expenses (including computer expenses)		25	24
Postage		109	114
Printing & Stationery		411	384
Street Lighting		1,230	1,023
Subscriptions & Publications		461	418
Telephone & Communications		361	389
Upper Macquarie County Council (Noxious Weeds)		195	188
Valuation Fees		109	89
Other		99	147
<u>TOTAL OTHER EXPENSES</u>		<u>9,563</u>	<u>8,655</u>

Bathurst Regional Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Property (excl. Investment Property)			
Proceeds from Disposal - Property		364	717
less: Carrying Amount of Property Assets Sold / Written Off		(154)	(129)
Net Gain/(Loss) on Disposal		210	588
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		682	706
less: Carrying Amount of P&E Assets Sold / Written Off		(901)	(567)
Net Gain/(Loss) on Disposal		(219)	139
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		7,681	7,816
less: Carrying Amount of Real Estate Assets Sold / Written Off		(414)	(638)
Net Gain/(Loss) on Disposal		7,267	7,178
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		48,435	45,152
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(48,435)	(45,152)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		7,258	7,905

Bathurst Regional Council

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

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,913	-	4,841	-
Total Cash & Cash Equivalents		2,913	-	4,841	-
Investments (Note 6b)					
- Long Term Deposits		53,700	8,000	48,435	8,000
- NCD's, FRN's (with Maturities > 3 months)		6,000	4,000	-	10,000
Total Investments		59,700	12,000	48,435	18,000
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		62,613	12,000	53,276	18,000
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"		2,913	-	4,841	-
Investments					
b. "Held to Maturity"	6(b-ii)	59,700	12,000	48,435	18,000
Investments		59,700	12,000	48,435	18,000
Note 6(b-i) Reconciliation of Investments classified as "Held to Maturity"					
Balance at the Beginning of the Year		48,435	18,000	43,530	18,590
Additions		53,700	-	45,530	4,000
Impairment (loss)/prior loss reversal (via P&L)		-	-	-	(63)
Disposals (sales & redemptions)		(48,435)	-	(44,625)	(527)
Transfers between Current/Non Current		6,000	(6,000)	4,000	(4,000)
Balance at End of Year		59,700	12,000	48,435	18,000
Comprising:					
- Long Term Deposits		53,700	8,000	48,435	8,000
- NCD's, FRN's (with Maturities > 3 months)		6,000	4,000	-	10,000
Total		59,700	12,000	48,435	18,000

Bathurst Regional Council

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

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

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Total Cash, Cash Equivalents and Investments	62,613	12,000	53,276	18,000
attributable to:				
External Restrictions (refer below)	43,298	12,000	40,856	18,000
Internal Restrictions (refer below)	18,693	-	11,944	-
Unrestricted	622	-	476	-
	62,613	12,000	53,276	18,000

2013 \$ '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)	14,923	-	(6,418)	8,505
External Restrictions - Included in Liabilities	14,923	-	(6,418)	8,505

External Restrictions - Other

Developer Contributions - General (D)	4,937	1,057	(119)	5,875
Developer Contributions - Water Fund (D)	11,587	1,044	-	12,631
Developer Contributions - Sewer Fund (D)	7,716	966	-	8,682
Specific Purpose Unexpended Grants (F)	5,762	3,591	(4,490)	4,863
Specific Purpose Unexpended Grants-Water Fund (F)	7	-	-	7
Water Supplies (G)	2,599	3,214	(2,579)	3,234
Sewerage Services (G)	9,023	3,254	(4,058)	8,219
Domestic Waste Management (G)	2,302	980	-	3,282
External Restrictions - Other	43,933	14,106	(11,246)	46,793
Total External Restrictions	58,856	14,106	(17,664)	55,298

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 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Cultural & Community Services	-	475	-	475
Economic Development	-	65	-	65
Employees Leave Entitlement	-	1,000	-	1,000
Insurance Equalisation	-	200	-	200
Tourism	-	67	-	67
Administration	116	130	(88)	158
Building Maintenance & Improvements	192	27	-	219
Capital Works	200	-	(200)	-
Carry Over Works	160	1,332	(160)	1,332
Environmental	137	319	(84)	372
Land Development	2,800	4,715	(2,800)	4,715
Parks	100	74	-	174
Plant & Vehicle Replacement	550	1,397	(550)	1,397
SES Plant	22	-	-	22
Strategic Planning	75	69	(23)	121
Total Internal Restrictions - Ordinary Services	4,352	9,870	(3,905)	10,317
Solid Waste Depot General Reserve	4,569	855	-	5,424
Waste Employee Leave Entitlements	-	90	-	90
Waste Management	323	-	-	323
Depot Maintenance	25	-	-	25
Waste Services - Internal Restrictions (W)	2,675	-	(161)	2,514
Total Internal Restrictions	11,944	10,815	(4,066)	18,693
TOTAL RESTRICTIONS	70,800	24,921	(21,730)	73,991

Bathurst Regional Council

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

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,466	235	2,534	229
Interest & Extra Charges		217	-	234	-
User Charges & Fees		2,137	-	1,709	-
Accrued Revenues					
- Other Income Accruals		1,301	-	1,225	-
Deferred Debtors		23	437	19	286
Government Grants & Subsidies		947	-	1,162	-
Investment Receivables		-	-	931	-
Net GST Receivable		476	-	146	-
Sundry Debtors		1,128	-	1,048	-
Other Debtors		6	-	2	-
Total		8,701	672	9,010	515
less: Provision for Impairment					
User Charges & Fees		(73)	-	(3)	-
Other Debtors		(38)	-	(48)	-
Total Provision for Impairment - Receivables		(111)	-	(51)	-
<u>TOTAL NET RECEIVABLES</u>		<u>8,590</u>	<u>672</u>	<u>8,959</u>	<u>515</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		35	-	25	-
- Rates & Availability Charges		771	72	772	-
- Other		2,031	-	1,503	-
Sewerage Services					
- Specific Purpose Grants		2	-	2	-
- Rates & Availability Charges		547	51	777	64
- Other		402	-	360	-
Total External Restrictions		3,788	123	3,439	64
Nil					
Unrestricted Receivables		4,802	549	5,520	451
TOTAL NET RECEIVABLES		8,590	672	8,959	515

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Bathurst Regional Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		1,074	3,639	1,204	3,469
Stores & Materials		527	-	522	-
Trading Stock		252	-	223	-
Total Inventories		1,853	3,639	1,949	3,469
Other Assets					
Prepayments		200	-	182	-
Total Other Assets		200	-	182	-
TOTAL INVENTORIES / OTHER ASSETS		2,053	3,639	2,131	3,469
Externally Restricted Assets					
Water					
Nil					
Sewerage					
Prepayments		9	-	-	-
Total Sewerage		9	-	-	-
Domestic Waste Management					
Nil					
Other					
Nil					
Total Externally Restricted Assets		9	-	-	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		2,044	3,639	2,131	3,469
TOTAL INVENTORIES & OTHER ASSETS		2,053	3,639	2,131	3,469

Bathurst Regional Council

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

Note 8. Inventories & Other Assets (continued)

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	417	813	513	836
Industrial/Commercial	657	2,826	691	2,633
Total Real Estate for Resale	1,074	3,639	1,204	3,469
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	1,074	3,639	540	3,469
Development Costs	-	-	664	-
Total Costs	1,074	3,639	1,204	3,469
Total Real Estate for Resale	1,074	3,639	1,204	3,469
Movements:				
Real Estate assets at beginning of the year	1,204	3,469	1,153	3,500
- Purchases and other costs	193	268	664	(6)
- Transfers in from (out to) Note 9	-	(7)	-	-
- WDV of Sales (exp)	(414)	-	(638)	-
- Transfer between Current/Non Current	91	(91)	25	(25)
Total Real Estate for Resale	1,074	3,639	1,204	3,469

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period						as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment										Dep'n	Impairment	
Plant & Equipment	-	23,560	14,591	-	8,969	2,508	(901)	(1,836)	-	-	-	-	22,379	13,639	-	8,740
Office Equipment	-	2,377	1,762	-	615	220	-	(161)	-	-	-	-	2,596	1,922	-	674
Furniture & Fittings	-	1,255	1,107	-	148	-	-	(36)	-	-	-	-	1,255	1,143	-	112
Land:																
- Operational Land	-	68,207	-	-	68,207	377	(108)	-	(1,073)	(8,571)	-	-	58,832	-	-	58,832
- Community Land	-	13,502	-	-	13,502	284	-	-	1,073	-	-	-	14,859	-	-	14,859
- Land under Roads (post 30/6/08)	-	31	-	-	31	4	-	-	-	-	-	-	35	-	-	35
Land Improvements - depreciable	-	13,016	3,002	-	10,014	791	-	(262)	-	-	-	-	13,807	3,264	-	10,543
Buildings - Non Specialised	-	77,026	13,353	-	63,673	966	(46)	(751)	-	-	9,415	-	89,264	16,007	-	73,257
Buildings - Specialised	-	54,172	9,144	-	45,028	92	-	(566)	-	-	3,744	-	54,601	6,303	-	48,298
Other Structures	-	16,972	4,074	-	12,898	646	-	(466)	-	-	-	-	17,619	4,541	-	13,078
Infrastructure:																
- Roads, Bridges, Footpaths	-	399,643	108,084	-	291,559	4,862	-	(6,336)	-	-	-	-	404,505	114,420	-	290,085
- Bulk Earthworks (non-depreciable)	-	113,704	-	-	113,704	1,774	-	-	-	-	-	-	115,478	-	-	115,478
- Stormwater Drainage	-	94,183	31,220	-	62,963	2,612	-	(857)	-	-	-	-	96,796	32,078	-	64,718
- Water Supply Network	-	264,831	113,837	-	150,994	2,337	-	(3,150)	-	-	3,774	-	273,788	119,833	-	153,955
- Sewerage Network	-	174,721	90,849	-	83,872	3,272	-	(2,496)	-	-	2,097	-	182,361	95,616	-	86,745
Other Assets:																
- Other	-	26,497	7,320	-	19,177	468	-	(296)	-	-	-	-	26,965	7,616	-	19,349
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																
- Tip Asset	-	2,658	847	-	1,811	-	-	(53)	-	-	-	-	2,659	901	-	1,758
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,346,355	399,190	-	947,165	21,213	(1,055)	(17,266)	-	(8,571)	19,030	-	1,377,799	417,283	-	960,516

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$4,041,000) and New Assets (\$12,520,000). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	245	185	60	-	663	452	211
Office Equipment	-	10	6	4	-	10	5	5
Furniture & Fittings	-	3	3	-	-	-	-	-
Land								
- Operational Land	-	4,753	-	4,753	-	4,797	-	4,797
- Community Land	-	149	-	149	-	-	-	-
- Improvements - depreciable	-	727	84	643	-	704	75	629
Buildings	-	11,671	332	11,339	-	11,232	240	10,992
Other Structures	-	219	44	175	-	219	36	183
Infrastructure	-	273,788	119,833	153,955	-	264,831	113,837	150,994
Total Water Supply	-	291,565	120,487	171,078	-	282,456	114,645	167,811
Sewerage Services								
Plant & Equipment	-	389	119	270	-	195	116	79
Office Equipment	-	11	4	7	-	11	3	8
Land								
- Operational Land	-	1,185	-	1,185	-	1,014	-	1,014
- Improvements - depreciable	-	111	43	68	-	111	40	71
Buildings	-	157	2	155	-	2	-	2
Other Structures	-	49	-	49	-	49	-	49
Infrastructure	-	182,361	95,616	86,745	-	174,721	90,849	83,872
Total Sewerage Services	-	184,263	95,784	88,479	-	176,103	91,008	85,095
Domestic Waste Management								
Plant & Equipment	-	2,767	715	2,052	-	2,046	774	1,272
Other Assets	-	684	468	216	-	644	430	214
Total DWM	-	3,451	1,183	2,268	-	2,690	1,204	1,486
TOTAL RESTRICTED I,PP&E	-	479,279	217,454	261,825	-	461,249	206,857	254,392

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 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,971	-	2,184	-
Payments Received In Advance		13	-	89	-
Accrued Expenses:					
- Borrowings		56	-	67	-
- Other Expenditure Accruals		370	-	359	-
Security Bonds, Deposits & Retentions		890	1,150	803	1,137
Total Payables		3,300	1,150	3,502	1,137
Borrowings					
Loans - Secured ¹		6,189	15,860	2,867	22,049
Total Borrowings		6,189	15,860	2,867	22,049
Provisions					
Employee Benefits;					
Annual Leave		2,748	-	2,747	-
Long Service Leave		6,444	73	6,640	99
Sub Total - Aggregate Employee Benefits		9,192	73	9,387	99
Asset Remediation/Restoration (Future Works)	26	86	3,868	92	3,769
Other		156	-	148	-
Total Provisions		9,434	3,941	9,627	3,868
Total Payables, Borrowings & Provisions		18,923	20,951	15,996	27,054
(i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		735	7	501	3
Sewer		660	2	528	4
Liabilities relating to externally restricted assets		1,395	9	1,029	7
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		1,395	9	1,029	7
Total Liabilities relating to Unrestricted Assets		17,528	20,942	14,967	27,047
TOTAL PAYABLES, BORROWINGS & PROVISIONS		18,923	20,951	15,996	27,054

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 2013

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

	Actual 2013	Actual 2012
\$ '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	6,995	7,263
	6,995	7,263

Note 10b. Description of and movements in Provisions

Class of Provision	2012	2013				Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,747	1,794	(1,706)	(87)	-	2,748
Long Service Leave	6,739	1,115	(617)	(720)	-	6,517
Asset Remediation	3,861	93	-	-	-	3,954
Other	148	8	-	-	-	156
TOTAL	13,495	3,010	(2,323)	(807)	-	13,375

- 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 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	2,913	4,841
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		2,913	4,841
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		9,774	10,859
Adjust for non cash items:			
Depreciation & Amortisation		17,266	16,230
Net Losses/(Gains) on Disposal of Assets		(7,258)	(7,905)
Impairment Losses / (Prior Period Reversals) - Financial Investments		-	63
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(316)	(107)
Unwinding of Discount Rates on Reinstatement Provisions		93	114
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		307	(287)
Increase/(Decrease) in Provision for Doubtful Debts		60	(47)
Decrease/(Increase) in Inventories		(34)	(32)
Decrease/(Increase) in Other Assets		(18)	(32)
Increase/(Decrease) in Payables		(213)	(363)
Increase/(Decrease) in accrued Interest Payable		(11)	(16)
Increase/(Decrease) in other accrued Expenses Payable		11	(423)
Increase/(Decrease) in Other Liabilities		24	(20)
Increase/(Decrease) in Employee Leave Entitlements		(221)	1,472
Increase/(Decrease) in Other Provisions		8	5
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		19,472	19,511

(c) Non-Cash Investing & Financing Activities

Nil

(d) Financing Arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank Overdraft Facilities ⁽¹⁾	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 2013

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		-	255
Plant & Equipment		112	-
Roads		748	-
Sewer		-	1,277
Stormwater Drainage		222	-
Structures		-	1,302
Water		132	-
Total Commitments		1,214	2,834
These expenditures are payable as follows:			
Within the next year		1,214	2,834
Total Payable		1,214	2,834
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		817	1,423
Externally Restricted Reserves		397	1,302
Unexpended Loans		-	109
Total Sources of Funding		1,214	2,834

(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	606	598
Later than one year and not later than 5 years	670	610
Total Non Cancellable Operating Lease Commitments	1,276	1,208

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 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	26,161	2.48 : 1	2.61	1.75
Current Liabilities less Specific Purpose Liabilities ^(2,3)	10,533			
2. Debt Service Ratio				
Debt Service Cost	4,587	6.27%	6.61%	6.36%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	73,148			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	31,177	36.26%	35.26%	37.57%
Income from Continuing Operations	85,979			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	2,918	8.47%	8.94%	9.71%
Rates, Annual & Extra Charges Collectible	34,451			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	4,041	28.55%	30.67%	34.88%
Depreciation, Amortisation & Impairment	14,156			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

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

⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

Bathurst Regional Council

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

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

\$ '000	Amounts 2013	Indicator 2013	Prior Period 2012
TCorp Performance Measures - Consolidated			
a. Operating Performance			
Operating Revenue (excl. Capital Grants & Contributions)			
- Operating Expenses	<u>4,880</u>	6.02%	7.24%
Operating Revenue (excl. Capital Grants & Contributions)	81,085		
b. Own Source Operating Revenue			
Rates & Annual Charges + User Charges & Fees	<u>52,360</u>	61.12%	58.99%
Total Operating Revenue (incl. Capital Grants & Contributions)	85,663		
c. Unrestricted Current Ratio			
Current Assets less all External Restrictions	<u>26,161</u>	2.48	2.61
Current Liabilities less Specific Purpose Liabilities	10,533		
d. Debt Service Cover Ratio			
Operating Result before Interest & Depreciation (EBITDA)	<u>23,328</u>	5.76	5.71
Principal Repayments (from the Statement of Cash Flows)	<u>4,049</u>		
+ Borrowing Interest Costs (from the Income Statement)			
e. Capital Expenditure Ratio			
Annual Capital Expenditure	<u>20,158</u>	1.17	1.20
Annual Depreciation	17,266		
f. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition	<u>62,871</u>	0.09	0.10
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	730,136		
g. Asset Maintenance Ratio			
Actual Asset Maintenance	<u>8,887</u>	0.46	1.16
Required Asset Maintenance	19,472		
h. Building & Infrastructure Renewals Ratio			
Asset Renewals	<u>4,041</u>	0.29	0.31
Depreciation of Building and Infrastructure Assets	14,156		
i. Cash Expense Cover Ratio			
Current Year's Cash & Cash Equivalents	<u>2,913</u>	0.61	1.02
(Total Expenses - Depreciation - Interest Costs) x12	4,813		
j. Interest Cover Ratio			
Operating Results before Interest & Depreciation (EBITDA)	<u>23,328</u>	19.74	23.09
Borrowing Interest Costs (from the income statement)	1,182		

Bathurst Regional Council

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

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
Local Government Industry Indicators - by Fund			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	8.26 : 1	13.91 : 1	2.48 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	9.78 : 1	19.25 : 1	2.61 : 1
2. Debt Service Ratio			
Debt Service Cost	0.00%	0.00%	8.67%
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period: 0.18%	0.00%	8.68%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	13.28%	62.53%	36.80%
Income from Continuing Operations			
prior period:	18.65%	68.64%	33.74%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	32.59%	8.46%	5.96%
Rates, Annual & Extra Charges Collectible			
prior period:	28.70%	12.50%	5.53%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	28.25%	37.58%	26.00%
Depreciation, Amortisation & Impairment			
prior period:	27.25%	27.19%	32.54%

Notes

⁽¹⁾ 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 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
TCorp Performance Measures - by Fund			
a. Operating Performance			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses			
Operating Revenue (excl. Capital Grants & Contributions)	-1.46%	-2.21%	8.65%
prior period:	-2.14%	-2.31%	9.93%
b. Own Source Operating Revenue			
Rates & Annual Charges + User Charges & Fees			
Total Operating Revenue (incl. Capital Grants & Contributions)	88.54%	83.71%	52.03%
prior period:	80.51%	88.58%	51.52%
c. Unrestricted Current Ratio			
Current Assets less all External Restrictions			
Current Liabilities less Specific Purpose Liabilities	8.26	13.91	2.48
prior period:	9.78	19.25	2.61
d. Debt Service Cover Ratio			
Operating Result before Interest & Depreciation (EBITDA)			
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	0.00	0.00	4.44
prior period:	131.17	0.00	4.67
e. Capital Expenditure Ratio			
Annual Capital Expenditure			
Annual Depreciation	0.83	1.58	1.17
prior period:	1.60	0.78	1.19
f. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)			
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	0.11	0.20	0.06
prior period:	0.15	0.27	0.05
g. Asset Maintenance Ratio			
Actual Asset Maintenance			
Required Asset Maintenance	0.55	0.42	0.44
prior period:	1.12	1.22	1.16
h. Building and Infrastructure Renewals Ratio			
Asset Renewals			
Depreciation of Building and Infrastructure Assets	0.28	0.38	0.26
prior period:	0.27	0.27	0.33
i. Cash Expense Cover Ratio			
Current Year's Cash & Cash Equivalents			
(Total Expenses - Depreciation - Interest Costs) x12	4.48	15.38	0.82
prior period:	4.24	17.78	0.94
j. Interest Cover Ratio			
Operating Results before Interest & Depreciation (EBITDA)			
Borrowing Interest Costs (from the income statement)	0.00	0.00	15.20
prior period:	262.33	0.00	18.98

Notes

⁽¹⁾ 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 2013

Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>9,487</u>	<u>8,998</u>
Reconciliation of Annual Movement:			
Opening Balance		8,998	8,891
- Acquisitions		173	-
- Net Gain/(Loss) from Fair Value Adjustments		316	107
CLOSING BALANCE - INVESTMENT PROPERTIES		9,487	8,998

(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 2013 revaluations were based on Independent Assessments made by:
CBRE Ltd

(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 due:

Within 1 year	786	808
Later than 1 year but less than 5 years	1,499	1,531
Later than 5 years	6	7
Total Minimum Lease Payments Receivable	2,291	2,346

(e) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:		
- Minimum Lease Payments	797	815
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(274)	(318)
Net Revenue Contribution from Investment Properties	523	497
plus:		
Fair Value Movement for year	316	107
Total Income attributable to Investment Properties	839	604

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	2,913	4,841	2,913	4,841
Investments				
- "Held to Maturity"	71,700	66,435	71,700	66,435
Receivables	9,262	9,474	9,262	9,474
Total Financial Assets	83,875	80,750	83,875	80,750
Financial Liabilities				
Payables	4,437	4,550	4,437	4,550
Loans / Advances	22,049	24,916	22,049	24,916
Total Financial Liabilities	26,486	29,466	26,486	29,466

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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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.

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

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2013				
Possible impact of a 1% movement in Interest Rates	180	180	(180)	(180)
2012				
Possible impact of a 1% movement in Interest Rates	220	220	(220)	(220)

Bathurst Regional Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	6,672	-	6,762
Overdue	2,701	-	2,763	-
	2,701	6,672	2,763	6,762
(ii) Movement in Provision for Impairment of Receivables			2013	2012
Balance at the beginning of the year			51	98
+ new provisions recognised during the year			65	-
- amounts already provided for & written off this year			(5)	(47)
Balance at the end of the year			111	51

Bathurst Regional Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2013									
Trade/Other Payables	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
2012									
Trade/Other Payables	1,940	2,610	-	-	-	-	-	4,550	4,550
Loans & Advances	-	4,602	7,721	3,476	3,124	3,036	10,785	32,744	24,916
Total Financial Liabilities	1,940	7,212	7,721	3,476	3,124	3,036	10,785	37,294	29,466

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,437	0.0%	4,550	0.0%
Loans & Advances - Fixed Interest Rate	22,049	7.3%	24,916	7.1%
	<u>26,486</u>		<u>29,466</u>	

Bathurst Regional Council

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

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 21 June 2012.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	31,947	31,177	(770)	(2%)	U
User Charges & Fees	19,228	21,183	1,955	10%	F
A drier than normal year resulted in increased water usage (18%) which increased water and sewerage usage charges.					
Interest & Investment Revenue	3,590	3,605	15	0%	F
Other Revenues	2,684	3,508	824	31%	F
Other revenues are budgeted on a conservative basis and actual performance was better than budget.					
Operating Grants & Contributions	15,226	14,670	(556)	(4%)	U
Capital Grants & Contributions	5,760	4,578	(1,182)	(21%)	U
Further grants than expected were received.					
Net Gains from Disposal of Assets	3,860	7,258	3,398	88%	F
Council developed two residential subdivisions this year due to demand for new building blocks, but only budgeted for one subdivision.					

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 Variance*	
EXPENSES				
Employee Benefits & On-Costs	28,679	26,890	1,789	6% F
Borrowing Costs	1,837	1,182	655	36% F
In accordance with 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	23,338	21,304	2,034	9% F
Depreciation & Amortisation	15,223	17,266	(2,043)	(13%) U
Revaluation of assets was larger than anticipated which resulted in a greater than expected depreciation expense.				
Other Expenses	9,430	9,563	(133)	(1%) U

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

Cash Flows from Operating Activities	16,383	19,472	3,089	18.9% F
The increased cash flows are a direct result of items previously noted above, for example, extra water and sewerage usage charges due to a very dry year and an extra subdivision being developed and sold during the year due to increased demand for residential building land.				
Cash Flows from Investing Activities	(19,125)	(18,533)	592	(3.1%) F
Cash Flows from Financing Activities	(2,927)	(2,867)	60	(2.0%) F

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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	2,434	233	-	65	-	-	2,732	29,487	(32,219)	-	-
Roads	41	7	-	1	-	-	49	1,457	(1,506)	-	-
Parking	262	35	-	8	-	-	305	2,437	(2,742)	-	-
Open Space	-	1	-	-	-	-	1	723	(724)	-	-
Community Facilities	969	327	-	24	(65)	-	1,255	7,679	(8,934)	-	-
S94 Contributions - under a Plan	3,706	603	-	98	(65)	-	4,342	41,783	(46,125)	-	-
Total S94 Revenue Under Plans	3,706	603	-	98	(65)	-	4,342				-
S94 not under Plans	1,231	340	-	16	(54)	-	1,533	121	(1,654)	-	-
S64 Contributions	19,303	1,539	-	471	-	-	21,313	3,095	(24,408)		
Total Contributions	24,240	2,482	-	585	(119)	-	27,188	44,999	(72,187)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2013

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	483	39	-	14	-	-	536	8,703	(9,239)	-	-
Total	483	39	-	14	-	-	536	8,703	(9,239)	-	-

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	1,396	183	-	39	-	-	1,618	15,699	(17,317)	-	-
Total	1,396	183	-	39	-	-	1,618	15,699	(17,317)	-	-

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	231	10	-	3	-	-	244	3,109	(3,353)	-	-
Total	231	10	-	3	-	-	244	3,109	(3,353)	-	-

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	41	7	-	1	-	-	49	1,457	(1,506)	-	-
Total	41	7	-	1	-	-	49	1,457	(1,506)	-	-

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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	262	35	-	8	-	-	305	2,437	(2,742)	-	-
Total	262	35	-	8	-	-	305	2,437	(2,742)	-	-

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	120	-	-	4	-	-	124	952	(1,076)	-	-
Total	120	-	-	4	-	-	124	952	(1,076)	-	-

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	849	327	-	20	(65)	-	1,131	6,727	(7,858)	-	-
Total	849	327	-	20	(65)	-	1,131	6,727	(7,858)	-	-

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	324	-	-	9	-	-	333	832	(1,165)	-	-
Total	324	-	-	9	-	-	333	832	(1,165)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2013

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	-	-	-	-	1	1,144	(1,145)	-	-
Open Space	-	1	-	-	-	-	1	723	(724)	-	-
Total	-	2	-	-	-	-	2	1,867	(1,869)	-	-

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	1,039	304	-	12	(32)	-	1,323	121	(1,444)	-	-
Community Facilities	2	-	-	-	-	-	2	-	(2)	-	-
Other	190	36	-	4	(22)	-	208	-	(208)	-	-
Total	1,231	340	-	16	(54)	-	1,533	121	(1,654)	-	-

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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 2013

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 Council's 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 2013

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(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 Joint Ventures.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		576,629	565,770
a. Net Operating Result for the Year		9,774	10,859
Balance at End of the Reporting Period		586,403	576,629

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	433,293	422,834
Total	433,293	422,834

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		422,834	394,605
- Revaluations for the year	9(a)	10,459	28,229
- Balance at End of Year		433,293	422,834
TOTAL VALUE OF RESERVES		433,293	422,834

(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 2013

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013	Actual 2013
Continuing Operations	Waste	Water	Sewer	General¹
Income from Continuing Operations				
Rates & Annual Charges	3,595	1,696	6,172	19,714
User Charges & Fees	3,284	9,611	2,090	6,198
Interest & Investment Revenue	134	387	358	2,726
Other Revenues	-	73	21	3,414
Grants & Contributions provided for Operating Purposes	64	101	101	14,404
Grants & Contributions provided for Capital Purposes	-	1,056	1,132	2,390
Other Income				
Net Gains from Disposal of Assets	(141)	(153)	(4)	7,556
Total Income from Continuing Operations	6,936	12,771	9,870	56,402
Expenses from Continuing Operations				
Employee Benefits & on-costs	1,911	2,762	2,522	19,695
Borrowing Costs	117	-	-	1,065
Materials & Contracts	2,804	4,419	3,180	10,901
Depreciation & Amortisation	418	3,206	2,518	11,124
Other Expenses	33	1,378	692	7,460
Total Expenses from Continuing Operations	5,283	11,765	8,912	50,245
Operating Result from Continuing Operations	1,653	1,006	958	6,157
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations	-	-	-	-
Net Operating Result for the Year	1,653	1,006	958	6,157
Net Operating Result attributable to each Council Fund	1,653	1,006	958	6,157
Net Operating Result attributable to Non-controlling Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	1,653	(50)	(174)	3,767

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

* Waste refers to Domestic Waste Management and Other Waste Management activities

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 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013	Actual 2013
ASSETS	Waste	Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents	11,661	3,241	8,219	(20,208)
Investments	-	5,631	3,682	50,387
Receivables	534	2,837	951	4,268
Inventories	-	-	-	1,853
Other	2	-	9	189
Total Current Assets	12,197	11,709	12,861	36,489
Non-Current Assets				
Investments	-	7,000	5,000	-
Receivables	24	72	51	525
Inventories	-	-	-	3,639
Infrastructure, Property, Plant & Equipment	9,973	171,078	88,479	690,986
Investment Property	-	-	-	9,487
Total Non-Current Assets	9,997	178,150	93,530	704,637
TOTAL ASSETS	22,194	189,859	106,391	741,126
LIABILITIES				
Current Liabilities				
Payables	47	291	254	2,708
Borrowings	57	-	-	6,132
Provisions	391	444	406	8,193
Total Current Liabilities	495	735	660	17,033
Non-Current Liabilities				
Payables	-	-	-	1,150
Borrowings	238	-	-	15,622
Provisions	3,871	7	2	61
Total Non-Current Liabilities	4,109	7	2	16,833
TOTAL LIABILITIES	4,604	742	662	33,866
Net Assets	17,590	189,117	105,729	707,260
EQUITY				
Retained Earnings	13,758	124,888	71,296	376,461
Revaluation Reserves	3,832	64,229	34,433	330,799
Council Equity Interest	17,590	189,117	105,729	707,260
Non-controlling Interests	-	-	-	-
Total Equity	17,590	189,117	105,729	707,260

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

* Waste refers to Domestic Waste Management and Other Waste Management activities

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 2013

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

\$ '000

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

Note 23. Events occurring after the Reporting Period

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

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

Accordingly, the "authorised for issue" date is 18/10/13.

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

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

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

(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 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

Note 24. Discontinued Operations

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

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 2013

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	
		2013	2012
Bathurst Solid Waste Disposal Centre	2046	3,954	3,861
Balance at End of the Reporting Period	10(a)	3,954	3,861

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.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- the level of actual consumer price index and cost increases that will eventuate in the intervening time until restoration commencement, &
- the final scope of works required to fulfil Council's restoration obligations.

Reconciliation of movement in Provision for year:

Balance at beginning of year	3,861	3,747
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	93	114
Total - Reinstatement, rehabilitation and restoration provision	3,954	3,861

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 2013

Note 27. 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

Internet: www.bathurst.nsw.gov.au

Email: council@bathurst.nsw.gov.au

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 2013. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Balance Sheet, 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, the projected revenue and expenditure of developer contributions reported in Note 17, nor the Infrastructure Backlog and Asset Maintenance ratios included in Notes 13a(i) and 13b 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 2013 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

266 Howick Street
Bathurst
Dated: 18 October 2013



LR Smith
Partner

18 October 2013

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 2013. Our audit resulted in the issuing of a modified audit report on the general purpose financial statements of Council and an unmodified audit report on the 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 2013. 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.

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 \$9,774,000 (2012 - \$10,859,000). Some items of note in the operating statement include:

Revenue

- The operating surplus *before* capital amounts was \$5,196,000 (2012 - \$5,900,000).
- Council's revenue from rates and annual charges rose by \$1,105,000 from \$30,072,000 in 2012 to \$31,177,000 in 2013.

Rates increased by \$942,000 (4.95%) which was the combined result of the approved rate pegging increase of 3.6% and normal additions to rateable land within the Council area through land developments.

- User charges and fees increased from \$20,066,000 in 2012 to \$21,183,000 in 2013 (increase of \$1,117,000).

Revenue from user charges for water supply rose by \$2,582,000 to \$8,705,000 (2012 - \$6,123,000). This was primarily the result of extended dry weather conditions which saw a significant increase in water consumption across the Council area. This was offset by a decrease in revenue from the RMS of \$2,135,000 from \$4,590,000 in 2012 to \$2,455,000 in 2013. The 2011-'12 financial year saw a significant increase in maintenance requests by the RMS, partly due to the consistent periods of wet weather experienced in the Council area from November 2011 to March 2012 and the resultant work required to repair damaged roads. The 2012-'13 financial year saw much drier prevailing weather conditions, resulting in a decrease in requests by the RMS for this type of work.

- Operating grants and contributions for the year were \$14,670,000 compared to \$15,454,000 in 2012 (decrease of \$784,000).

Revenue from the Federal Financial Assistance Grant was \$1,705,000 lower than the 2011-'12 financial year due to the timing of advance payments under this program.

RMS contributions were \$1,165,000 higher than the 2011-'12 financial year due to additional funding from this source for work on Council owned roads. The 2012-'13 financial year included \$615,000 for work on Fremantle Road, \$400,000 for work on Sofala Road and \$350,000 for work on Rockley Road.

- Council's net gain from the disposal of assets for 2013 was \$7,258,000 (2012 - \$7,905,000). Gains on the sale of Council's real estate developments contributed \$7,267,000 (2012 - \$7,178,000) to Council's operating result.

Expenditure

- Total employee costs decreased by \$72,000 compared to the prior year. Salaries and wages costs increased by \$808,000 (4.5%) which is a combination of the annual Award increase and Council's annual performance and skills based increases.

Employee leave entitlements fell by \$1,309,000 due to changes in the discount rates applied to this calculation as a result of movements in prevailing interest rates. Council's liability for employee leave entitlements was also well controlled during the 2012-'13 financial year.

This was offset by an increase in workers compensation premiums of \$378,000, partly attributable to Council's claims history.

- Council's depreciation expense rose to \$17,266,000 for 2013 from \$16,230,000 in 2012 (increase of \$1,036,000). Depreciation on Council's water and sewerage networks increased by \$1,110,000 over the prior year. This was due to the full revaluation of these assets at 30 June 2012, which saw an increase in their values at that time, and a consequent increase in depreciation expense for 2012-'13.
- Other expenses increased from \$8,655,000 in 2012 to \$9,563,000 in 2012 (increase of \$908,000). The 2012-'13 financial year included \$212,000 of expenditure related to the Local Government elections (2012 – nil) and a combined increase in electricity, heating and street lighting costs to Council of \$530,000.

(b) Financial Position

The Balance Sheet discloses that for the year ended 30 June 2013 Council's net assets stood at \$1,019,696,000 (2012 - \$999,463,000) which represents an increase of \$20,233,000.

This increase is the combined effect of the surplus for the year after capital amounts of \$9,774,000, and the revaluation of Council's building and operational land and indexation of Council's water and sewerage assets which saw \$10,459,000 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.

	2013 \$'000	2012 \$'000
Net current assets	54,333	48,370
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(47,095)	(44,295)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(18,693)	(11,944)
Add: Applicable current liabilities refer Note 10		
- Water	735	501
- Sewerage	660	528
Add: Employee leave entitlements not expected to be paid within 12 months	6,995	7,263
Unrestricted net current asset surplus/(deficit)	(3,065)	423
Unrestricted liabilities to be funded from next year's operating revenues (refer Note 10)		
- Annual leave and other provisions	1,589	1,507
- General interest bearing liabilities	6,189	2,867
Adjusted unrestricted net current asset surplus/(deficit)	4,713	4,797

Unrestricted net current assets comprise:-

Assets

Cash	622	476
Receivables	4,802	5,520
Inventories	1,853	1,949
Other assets	191	182
	<u>7,468</u>	<u>8,127</u>

Liabilities

Payables	(2,755)	(3,330)
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Unrestricted net current asset surplus/(deficit)	<u>4,713</u>	<u>4,797</u>
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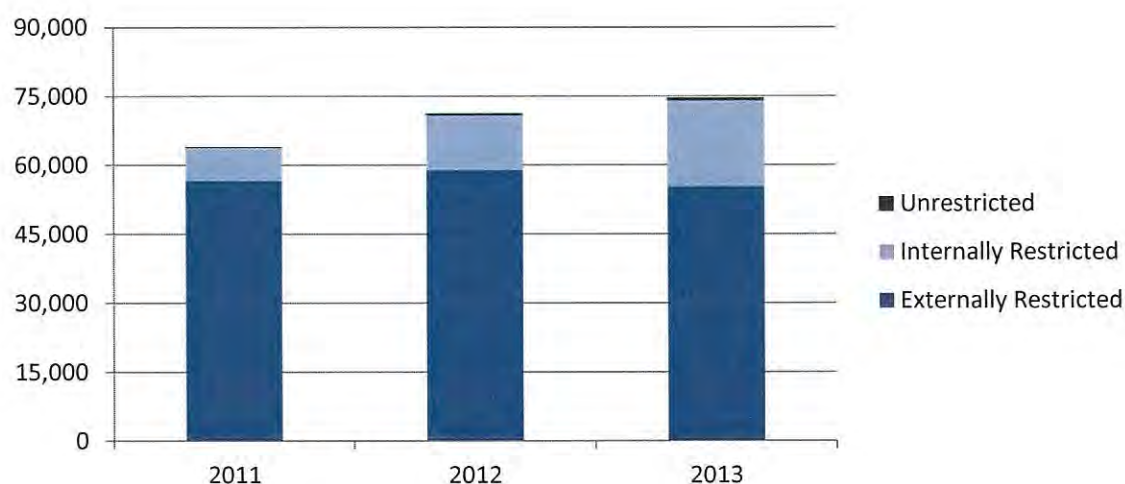
At 30 June 2013 Council had a \$3,065,000 deficit (2012 – \$423,000 surplus) of net unrestricted current assets. This result continues to emphasise the relative financial strength of Council's non-General Fund activities when the financial position of Council as a whole is considered.

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 2012-'13 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 \$6,749,000 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 \$74,613,000 (2012 - \$71,276,000).

Included in this total is an amount of \$55,298,000 (2012 - \$58,856,000) which is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$18,693,000 (2012 - \$11,944,000) 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 \$622,000 (2012 - \$476,000) 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:

Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure of Council's liquidity which demonstrates Council's ability to satisfy obligations out of short-term asset balances.

Council's ratio of 2.48:1 (2012 - 2.61:1) is comparable to the prior year and is considered acceptable. We stress the importance of considering this ratio in conjunction with other performance indicators and not in isolation. The fact that this ratio is based upon consolidated funds should also be kept in mind as the ratio for individual funds (i.e. General, Water, Sewer, etc.) may vary significantly.

Debt Service Ratio

The cost of repaying debt is reflected in the debt service ratio, which expresses that cost as a percentage of revenue from ordinary activities.

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally accepted that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered acceptable. At 6.27% (2012 - 6.61%) Bathurst Regional Council's ratio is well within its financial capacity.

Rates and Annual Charges Coverage Ratio

The ability of Council to meet community expectations for the delivery of services and provision of facilities is directly influenced by the discretion it can exercise in the allocation of resources.

In relation to rates, a high level of dependency on rates income provides Council with a degree of flexibility in the nature and timing of how funds are spent.

Bathurst Regional Council's ratio of 36.26% (2012 - 35.26%) is consistent with the prior year. It is perhaps a little lower than other councils of comparable size due to the influence of the grants and contributions received, as well as significant proceeds from real estate sales.

Rates and Annual Charges Outstanding Ratio

The rates and annual charges outstanding percentage 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 8.47% (2012 - 8.94%) has improved over the prior year. 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 provides an analysis of this ratio by fund.

Building and Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which infrastructure assets are being renewed against the rate at which they are depreciating.

Because the distinction between replacements, renewals and repairs is not well defined, it is difficult to make meaningful analysis from this ratio. Council's ratio at 30 June 2013 was 28.55% compared to 30.67 % in 2012 and 34.88% in 2011.

(d) Statement of Cash Flows

The Statement of Cash Flows reports a net decrease in cash assets held of \$1,928,000 (2012 – increase of \$2,952,000) in cash inflows (outflows) as follows:

	2013 \$'000	2012 \$'000
Operating activities	19,472	19,511
Investing activities	(18,533)	(16,081)
Financing activities	(2,867)	(478)
Net increase / (decrease) in cash held	(1,928)	2,952

Cash flows from Operating Activities

The cash inflows from operating activities were similar to the prior year in total. Key movements include the recovery of principal, interest and legal fees related to a community income constant proportional debt obligation (CPDO) through legal action, offset by higher cash flows for materials and contracts due to the timing of payments.

Cash flows from Investing Activities

The net cash outflows from investing activities totalled \$18,533,000 (2012 - \$16,081,000). The major cash outflows related to additions to property, plant and equipment of \$21,213,000 (2012 - \$20,196,000) including \$2,508,000 on motor vehicles and heavy equipment. Council also spent \$4,862,000 on the construction of roads infrastructure. This included approximately \$662,000 of works on Rockley Road and a further \$675,000 on Hill End Road. Council also spent \$2,612,000 in relation to stormwater drainage assets, including \$1,477,000 on levee banks.

This was partially offset by proceeds from the sale of real estate of \$7,681,000 (2012 - \$7,816,000). Council also had net purchases of investments of \$5,265,000 (2012 - \$4,378,000), moving funds from cash into longer term investments with higher interest rates.

Cash flows from Financing Activities

The net cash outflow from financing activities was \$2,867,000 (2012 - \$478,000). No borrowings were drawn in the current financial year (2012 - \$2,555,000).

Repayments of \$2,867,000 (2012- \$3,033,000) 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 \$9,774,000 was \$5,986,000 greater than Council's original estimate of \$3,788,000.

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 2013. Council has determined that it has three (3) business units within its operations: Water, Sewerage, and Waste.

The Division 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 2013 has been issued.

(b) Management Letters

Interim management letters were issued on 6 May 2013 and 19 July 2013 and a final report will be prepared upon completion of our year end review.

(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 2013 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

Pern

Leanne Smith
Partner

Bathurst Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

*"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 2013

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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 2013

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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


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

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


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

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

Signed in accordance with a resolution of Council made on 18 September 2013.



Gary Rush
MAYOR

Ian North
DEPUTY MAYOR

Robert Roach
ACTING GENERAL MANAGER AND
RESPONSIBLE ACCOUNTING OFFICER

Bathurst Regional Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	1,696	2,064
User charges	9,508	6,751
Fees	103	97
Interest	387	524
Grants and contributions provided for non capital purposes	101	100
Profit from the sale of assets	(153)	-
Other income	73	196
Total income from continuing operations	11,715	9,732
Expenses from continuing operations		
Employee benefits and on-costs	2,762	2,343
Borrowing costs	-	9
Materials and contracts	4,419	3,980
Depreciation and impairment	3,206	2,560
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	121	117
Debt guarantee fee (if applicable)	-	-
Other expenses	1,378	931
Total expenses from continuing operations	11,886	9,940
Surplus (deficit) from Continuing Operations before capital amounts	(171)	(208)
Grants and contributions provided for capital purposes	1,056	1,337
Surplus (deficit) from Continuing Operations after capital amounts	885	1,129
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	885	1,129
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	885	1,129
plus Opening Retained Profits	123,882	122,636
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	121	117
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	124,888	123,882
Return on Capital %	-0.1%	-0.1%
Subsidy from Council	6,621	5,284
Calculation of dividend payable:		
Surplus (deficit) after tax	885	1,129
less: Capital grants and contributions (excluding developer contributions)	(569)	(868)
Surplus for dividend calculation purposes	316	261
Potential Dividend calculated from surplus	158	131

Bathurst Regional Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	6,172	5,828
User charges	1,258	1,077
Liquid Trade Waste charges	777	566
Fees	55	50
Interest	358	359
Grants and contributions provided for non capital purposes	101	100
Profit from the sale of assets	(4)	-
Other income	21	22
Total income from continuing operations	8,738	8,002
Expenses from continuing operations		
Employee benefits and on-costs	2,522	2,464
Borrowing costs	-	-
Materials and contracts	3,180	3,001
Depreciation and impairment	2,518	2,096
Loss on sale of assets	-	-
Calculated taxation equivalents	19	10
Debt guarantee fee (if applicable)	-	-
Other expenses	692	616
Total expenses from continuing operations	8,931	8,187
Surplus (deficit) from Continuing Operations before capital amounts	(193)	(185)
Grants and contributions provided for capital purposes	1,132	489
Surplus (deficit) from Continuing Operations after capital amounts	939	304
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	939	304
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	939	304
plus Opening Retained Profits	70,338	70,026
plus/less: Prior Period Adjustments	-	(2)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	19	10
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	71,296	70,338
Return on Capital %	-0.2%	-0.2%
Subsidy from Council	3,529	2,763
Calculation of dividend payable:		
Surplus (deficit) after tax	939	304
less: Capital grants and contributions (excluding developer contributions)	(667)	(51)
Surplus for dividend calculation purposes	272	253
Potential Dividend calculated from surplus	136	127

Bathurst Regional Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Waste	
	Category 1	
	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	3,595	3,408
User charges	-	-
Fees	3,284	2,833
Interest	134	69
Grants and contributions provided for non capital purposes	64	63
Profit from the sale of assets	-	8
Total income from continuing operations	7,077	6,381
Expenses from continuing operations		
Employee benefits and on-costs	1,911	1,786
Borrowing costs	117	143
Materials and contracts	2,804	2,200
Depreciation and impairment	418	448
Loss on sale of assets	141	103
Calculated taxation equivalents	77	55
Debt guarantee fee (if applicable)	2	7
Other expenses	33	32
Total expenses from continuing operations	5,503	4,774
Surplus (deficit) from Continuing Operations before capital amounts	1,574	1,607
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	1,574	1,607
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1,574	1,607
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(472)	(482)
SURPLUS (DEFICIT) AFTER TAX	1,102	1,125
plus Opening Retained Profits	12,105	10,436
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	77	55
- Debt guarantee fees	2	7
- Corporate taxation equivalent	472	482
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	13,758	12,105
Return on Capital %	17.0%	18.6%
Subsidy from Council	-	-

Bathurst Regional Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	3,241	2,606
Investments	5,631	587
Receivables	2,837	2,300
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	11,709	5,493
Non-Current Assets		
Investments	7,000	11,000
Receivables	72	64
Inventories	-	-
Infrastructure, property, plant and equipment	171,078	167,811
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	178,150	178,875
TOTAL ASSETS	189,859	184,368
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	291	92
Interest bearing liabilities	-	-
Provisions	444	409
Total Current Liabilities	735	501
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	7	3
Total Non-Current Liabilities	7	3
TOTAL LIABILITIES	742	504
NET ASSETS	189,117	183,864
EQUITY		
Retained earnings	124,888	123,882
Revaluation reserves	64,229	59,982
Council equity interest	189,117	183,864
Non-controlling interest	-	-
TOTAL EQUITY	189,117	183,864

Bathurst Regional Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	8,219	9,023
Investments	3,682	716
Receivables	951	1,138
Inventories	-	-
Other	9	1
Non-current assets classified as held for sale	-	-
Total Current Assets	12,861	10,878
Non-Current Assets		
Investments	5,000	7,000
Receivables	51	64
Inventories	-	-
Infrastructure, property, plant and equipment	88,479	85,095
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	93,530	92,159
TOTAL ASSETS	106,391	103,037
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	254	80
Interest bearing liabilities	-	-
Provisions	406	448
Total Current Liabilities	660	528
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	2	4
Total Non-Current Liabilities	2	4
TOTAL LIABILITIES	662	532
NET ASSETS	105,729	102,505
EQUITY		
Retained earnings	71,296	70,338
Revaluation reserves	34,433	32,167
Council equity interest	105,729	102,505
Non-controlling equity interest	-	-
TOTAL EQUITY	105,729	102,505

Bathurst Regional Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

	Waste	
	Category 1	
\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	11,661	9,896
Investments	-	-
Receivables	534	656
Inventories	-	-
Other	2	-
Non-current assets classified as held for sale	-	-
Total Current Assets	12,197	10,552
Non-Current Assets		
Investments	-	-
Receivables	24	25
Inventories	-	-
Infrastructure, property, plant and equipment	9,973	9,385
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	9,997	9,410
TOTAL ASSETS	22,194	19,962
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	47	26
Interest bearing liabilities	57	53
Provisions	391	435
Total Current Liabilities	495	514
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	238	296
Provisions	3,871	3,774
Other Liabilities	-	-
Total Non-Current Liabilities	4,109	4,070
TOTAL LIABILITIES	4,604	4,584
NET ASSETS	17,590	15,378
EQUITY		
Retained earnings	13,758	12,105
Revaluation reserves	3,832	3,273
Council equity interest	17,590	15,378
Non-controlling equity interest	-	-
TOTAL EQUITY	17,590	15,378

Bathurst Regional Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

Contents of the Notes accompanying the Financial Statements

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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 2013

Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

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

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 business activities.

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 2013

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.

Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

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

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

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

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

Achievement of substantial compliance against the guidelines for Best Practice Management of Water

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 2013

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 3.77% at 30/6/13.

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

(iv) Dividends

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

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

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Bathurst Regional Council

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

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2013

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	121,000
(ii)	No of assessments multiplied by \$3/assessment	43,500
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	43,500
(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]	158,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	391,500
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(202,000)

2013 Surplus	316,000	2012 Surplus	261,000	2011 Surplus	(779,000)
		2012 Dividend	-	2011 Dividend	-

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

3. Required outcomes for 6 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	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 2013

Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

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

2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	12,572
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)]	%	82.62%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	153,955
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	7,767
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	2,664
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	0.94%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	20

- 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 2013

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2013

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	19,000
(ii)	No of assessments multiplied by \$3/assessment	41,955
(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]	136,000
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	400,550
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	914,000

2013 Surplus	272,000	2012 Surplus	253,000	2011 Surplus	389,000
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	136,000
(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 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	9,573
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	86,745
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	6,394
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	3,989
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.75%
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	21,988
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.92%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	6,653
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.87%
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 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2013

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

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-11.12%
	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):		2,261
	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:		- 633
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	1,944
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	202
	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 2013, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet 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 Division 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 2013 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.

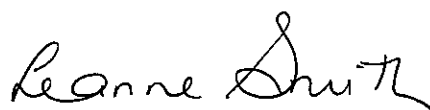
Basis of Accounting

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 Division 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 Division 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

266 Howick Street
Bathurst
Dated: 18 October 2013

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

LR Smith
Partner

Bathurst Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2013

*"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 2013

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- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
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¹ Special Purpose Schedules are not audited.

Background

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

Bathurst Regional Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	1,982	-	-	(1,982)
Administration	12,130	1,497	183	(10,450)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	810	298	(43)	(555)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	183	265	-	82
Animal Control	333	74	-	(259)
Other	-	-	-	-
Total Public Order & Safety	1,326	637	(43)	(732)
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	195	-	-	(195)
Other Environmental Protection	855	259	-	(596)
Solid Waste Management	3,452	5,372	-	1,920
Street Cleaning	244	-	-	(244)
Drainage	1,248	1,757	720	1,229
Stormwater Management	2,025	-	137	(1,888)
Total Environment	8,019	7,388	857	226
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	3,092	2,938	-	(154)
Total Community Services & Education	3,092	2,938	-	(154)
Housing and Community Amenities				
Public Cemeteries	210	310	-	100
Public Conveniences	169	-	-	(169)
Street Lighting	1,230	108	-	(1,122)
Town Planning	1,273	87	-	(1,186)
Other Community Amenities	22	28	-	6
Total Housing and Community Amenities	2,904	533	-	(2,371)
Water Supplies	7,879	10,818	1,056	3,995
Sewerage Services	6,365	8,559	1,086	3,280

Bathurst Regional Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	1,384	185	-	(1,199)
Museums	823	427	-	(396)
Art Galleries	899	149	146	(604)
Community Centres and Halls	518	25	-	(493)
Performing Arts Venues	1,750	906	96	(748)
Other Performing Arts	-	-	-	-
Other Cultural Services	746	254	-	(492)
Sporting Grounds and Venues	584	(45)	239	(390)
Swimming Pools	792	-	-	(792)
Parks & Gardens (Lakes)	3,484	107	24	(3,353)
Other Sport and Recreation	2,823	2,445	-	(378)
Total Recreation and Culture	13,803	4,453	505	(8,845)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,316	878	-	(438)
Other Mining, Manufacturing & Construction	12	-	-	(12)
Total Mining, Manufacturing and Const.	1,328	878	-	(450)
Transport and Communication				
Urban Roads (UR) - Local	6,106	1,069	884	(4,153)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	4,474	-	-	(4,474)
Sealed Rural Roads (SRR) - Regional	602	3,587	-	2,985
Unsealed Rural Roads (URR) - Local	650	615	-	(35)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	13	-	-	(13)
Bridges on SRR - Local	25	-	-	(25)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	26	-	-	(26)
Footpaths	1,031	2	50	(979)
Aerodromes	376	369	-	(7)
Other Transport & Communication	1,993	430	-	(1,563)
Total Transport and Communication	15,296	6,072	934	(8,290)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	2,081	9,176	-	7,095
Total Economic Affairs	2,081	9,176	-	7,095
Totals – Functions	76,205	52,949	4,578	(18,678)
General Purpose Revenues⁽²⁾		28,452		28,452
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	76,205	81,401	4,578	9,774

(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 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	2,867	22,049	24,916	-	2,867	-	-	1,720	6,189	15,860	22,049
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	2,867	22,049	24,916	-	2,867	-	-	1,720	6,189	15,860	22,049
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	2,867	22,049	24,916	-	2,867	-	-	1,720	6,189	15,860	22,049

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 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	1,151	1,715
b. Engineering and Supervision	736	172
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	381	373
b. Maintenance expenses	153	90
- Mains		
c. Operation expenses	972	1,164
d. Maintenance expenses	1,000	991
- Reservoirs		
e. Operation expenses	16	12
f. Maintenance expenses	60	62
- Pumping Stations		
g. Operation expenses (excluding energy costs)	11	10
h. Energy costs	187	146
i. Maintenance expenses	2	27
- Treatment		
j. Operation expenses (excluding chemical costs)	1,910	790
k. Chemical costs	682	482
l. Maintenance expenses	504	273
- Other		
m. Operation expenses	2	66
n. Maintenance expenses	-	71
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	3,150	2,462
b. Plant and equipment	55	98
4. Miscellaneous expenses		
a. Interest expenses	-	9
b. Revaluation Decrements	-	-
c. Other expenses	793	810
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	11,765	9,823

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges		
a. Access (including rates)	1,199	1,490
b. Usage charges	5,698	3,585
7. Non-residential charges		
a. Access (including rates)	497	574
b. Usage charges	3,810	3,166
8. Extra charges	55	81
9. Interest income	332	443
10. Other income	176	293
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	20	782
b. Grants for pensioner rebates	101	100
c. Other grants	-	-
12. Contributions		
a. Developer charges	761	469
b. Developer provided assets	275	86
c. Other contributions	-	-
13. Total income	12,924	11,069
14. Gain (or loss) on disposal of assets	(153)	-
15. Operating Result	1,006	1,246
15a. Operating Result (less grants for acquisition of assets)	986	464

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	1,374	-
b. New Assets for Growth	344	3,380
c. Renewals	890	671
d. Plant and equipment	56	44
17. Repayment of debt		
a. Loans	-	9
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	2,664	4,104
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)	12,512	12,347
b. Residential (unoccupied, ie. vacant lot)	466	491
c. Non-residential (occupied)	1,323	1,324
d. Non-residential (unoccupied, ie. vacant lot)	199	210
25. Number of ETs for which developer charges were received	159 ET	138 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 100,645	\$ 100,478

Bathurst Regional Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
<input type="checkbox"/>			
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 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	5,631	7,000	12,631
b. Special purpose grants	7	-	7
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,234	-	3,234
31. Receivables			
a. Specific purpose grants	35	-	35
b. Rates and Availability Charges	771	72	843
c. User Charges	1,942	-	1,942
d. Other	89	-	89
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	153,955	153,955
b. Plant and equipment	-	17,123	17,123
34. Other assets	-	-	-
35. Total assets	11,709	178,150	189,859
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	291	-	291
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	444	7	451
40. Total liabilities	735	7	742
41. NET ASSETS COMMITTED	10,974	178,143	189,117
EQUITY			
42. Accumulated surplus			124,888
43. Asset revaluation reserve			64,229
44. TOTAL EQUITY			189,117
Note to system assets:			
45. Current replacement cost of system assets			273,788
46. Accumulated current cost depreciation of system assets			(119,833)
47. Written down current cost of system assets			153,955

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 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	2,763	2,069
b. Engineering and Supervision	244	168
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	47	632
b. Maintenance expenses	474	446
- Pumping Stations		
c. Operation expenses (excluding energy costs)	353	145
d. Energy costs	73	54
e. Maintenance expenses	146	85
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,225	1,308
g. Chemical costs	-	-
h. Energy costs	616	558
i. Effluent Management	-	-
j. Biosolids Management	30	35
k. Maintenance expenses	423	581
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	2,496	2,074
b. Plant and equipment	22	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	8,912	8,177

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges (including rates)	5,167	4,835
7. Non-residential charges		
a. Access (including rates)	1,077	993
b. Usage charges	1,186	1,077
8. Trade Waste Charges		
a. Annual Fees	28	31
b. Usage charges	749	535
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	57	75
10. Interest income	301	284
11. Other income	76	72
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	101	100
c. Other grants	-	-
13. Contributions		
a. Developer charges	778	438
b. Developer provided assets	354	51
c. Other contributions	-	-
14. Total income	9,874	8,491
15. Gain (or loss) on disposal of assets	(4)	-
16. Operating Result	958	314
16a. Operating Result (less grants for acquisition of assets)	958	314

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	309	-
b. New Assets for Growth	2,530	1,070
c. Renewals	938	564
d. Plant and equipment	212	10
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	3,989	1,644
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)	12,224	12,022
b. Residential (unoccupied, ie. vacant lot)	250	280
c. Non-residential (occupied)	1,312	1,321
d. Non-residential (unoccupied, ie. vacant lot)	199	210
26. Number of ETs for which developer charges were received	167 ET	144 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 100,855	\$ 100,191

Bathurst Regional Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2013

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

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

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

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 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	3,682	5,000	8,682
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	8,219	-	8,219
32. Receivables			
a. Specific purpose grants	2	-	2
b. Rates and Availability Charges	547	51	598
c. User Charges	304	-	304
d. Other	98	-	98
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	86,745	86,745
b. Plant and equipment	-	1,734	1,734
35. Other assets	9	-	9
36. Total Assets	12,861	93,530	106,391
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	254	-	254
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	406	2	408
41. Total Liabilities	660	2	662
42. NET ASSETS COMMITTED	12,201	93,528	105,729
EQUITY			
42. Accumulated surplus			71,296
44. Asset revaluation reserve			34,433
45. TOTAL EQUITY			105,729
Note to system assets:			
46. Current replacement cost of system assets			182,361
47. Accumulated current cost depreciation of system assets			(95,616)
48. Written down current cost of system assets			86,745

Bathurst Regional Council

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

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#] .	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance	
ASSET CLASS	Asset Category											
Buildings		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>								
	Council Offices	1.00%	89	-	9,761	3,319	6,442	2	-	98	62	
	Council Works Depot	1.00%	51	-	-	-	-	2	-	71	66	
	Council Halls	1.00%	-	-	7,068	1,176	5,892	1	-	145	10	
	Rental Buildings	1.00%	24	-	3,134	862	2,272	2	27	31	68	
	Museum	1.00%	46	-	6,027	1,017	5,010	2	211	60	30	
	Library / Art Gallery	1.00%	83	-	8,663	1,992	6,671	2	-	88	39	
	Childcare Centre(s)	1.00%	64	-	3,934	419	3,515	1	-	39	60	
	Amenities/Toilets	1.00%	12	-	1,424	208	1,216	1	-	14	43	
	Other Sport & Rec	1.00%	400	-	45,599	6,175	39,424	1	26	456	136	
	Sporting Grounds	1.00%	111	-	12,974	2,570	10,404	2	17	130	154	
	Visitors Information Centre	1.00%	18	-	1,977	178	1,799	1	-	20	5	
	Other Buildings	1.00%	301	-	29,665	3,576	26,089	2	95	150	96	
	Aquatic Centre	1.00%	118	-	13,639	818	12,821	1	-	136	-	
	sub total			1,317	-	143,865	22,310	121,555		376	1,438	769
	Other Structures											
Assets not included in Buildings			466	-	17,619	4,541	13,078	2	294	176	118	
sub total			466	-	17,619	4,541	13,078		294	176	118	
Public Roads												
	Unsealed Roads	1 - 2%	30	-	3,671	30	3,641	3	5,874	2,228	619	
	Sealed Rural Roads	1 - 2%	3,701	-	232,428	57,673	174,755	3	5,999	5,598	957	
	Urban Roads	1 - 2%	1,860	-	111,031	30,100	80,931	2	10,079	2,845	2,755	
	Bridges & Culverts	1.25%	640	-	42,899	19,817	23,082	3	4,183	323	39	
	Footpaths	2.00%	104	-	10,387	4,274	6,113	2	252	146	288	
	Parking Areas	1 - 2%	1	-	61	1	60	3	5	10	25	
	Bus Shelters	1 - 2%	-	-	-	-	-	3	24	11	-	
	Aerodrome	1 - 2%	-	-	4,028	2,525	1,503	3	1,531	177	141	
	sub total		6,336	-	404,505	114,420	290,085		27,947	11,338	4,824	

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#] .	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Water		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Treatment Plants	1.00%	409	-	30,117	17,992	12,125	2	2,924	373	505
	Reservoirs	1.00%	320	-	23,004	10,801	12,203	3	1,316	280	60
	Dams	1.00%	978	-	100,220	33,794	66,426	3	1,608	978	153
	Hydrants / Vale / Pipelines	1.00%	1,415	-	117,626	55,308	62,318	2	10,233	1,435	989
	Pump Station	1.00%	28	-	2,821	1,938	883	3	445	55	2
	sub total		3,150	-	273,788	119,833	153,955		16,526	3,121	1,709
Sewerage											
	Pump Stations	1.00%	131	-	11,076	3,817	7,259	3	455	244	107
	Pipes & Mains	1.00%	1,550	-	135,580	69,488	66,092	2	12,456	1,894	474
	Treatment Works	1.00%	815	-	35,705	22,311	13,394	4	4,712	429	495
	sub total		2,496	-	182,361	95,616	86,745		17,623	2,567	1,076
Drainage Works											
	All Drainage Structures	1.00%	857		96,796	32,078	64,718	2	105	832	391
	sub total		857	-	96,796	32,078	64,718		105	832	391
	TOTAL - ALL ASSETS		14,622	-	1,118,934	388,798	730,136		62,871	19,472	8,887

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

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

Bathurst Regional Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
(i) OPERATING BUDGET											
Income from continuing operations	85,979	90,786	90,534	92,473	94,727	91,726	95,755	99,390	101,558	105,547	110,086
Expenses from continuing operations	76,205	79,034	79,664	82,096	85,281	87,247	89,655	92,132	95,015	97,491	100,349
Operating Result from Continuing Operations	9,774	11,752	10,870	10,377	9,446	4,479	6,100	7,258	6,543	8,056	9,737
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	21,213	21,452	13,512	12,036	13,866	9,894	10,221	10,558	10,904	11,262	11,629
Replacement/Refurbishment of Existing Assets	4,041	12,997	7,517	6,991	7,795	4,631	4,740	4,852	4,968	5,087	5,210
Total Capital Budget	25,254	34,449	21,029	19,027	21,661	14,525	14,961	15,410	15,872	16,349	16,839
Funded by:											
– Loans	-	3,000	-	-	-	-	-	-	-	-	-
– Asset sales	1,047	889	378	450	405	417	430	443	456	470	484
– Reserves	-	7,165	-	-	-	1,941	-	-	-	-	-
– Grants/Contributions	6,568	6,421	4,443	4,121	4,251	4,379	4,512	4,648	4,789	4,934	5,083
– Recurrent revenue	17,639	16,974	16,208	14,456	17,005	7,788	10,019	10,319	10,627	10,945	11,272
	25,254	34,449	21,029	19,027	21,661	14,525	14,961	15,410	15,872	16,349	16,839

Notes:

(1) From 12/13 Income Statement.

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

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

