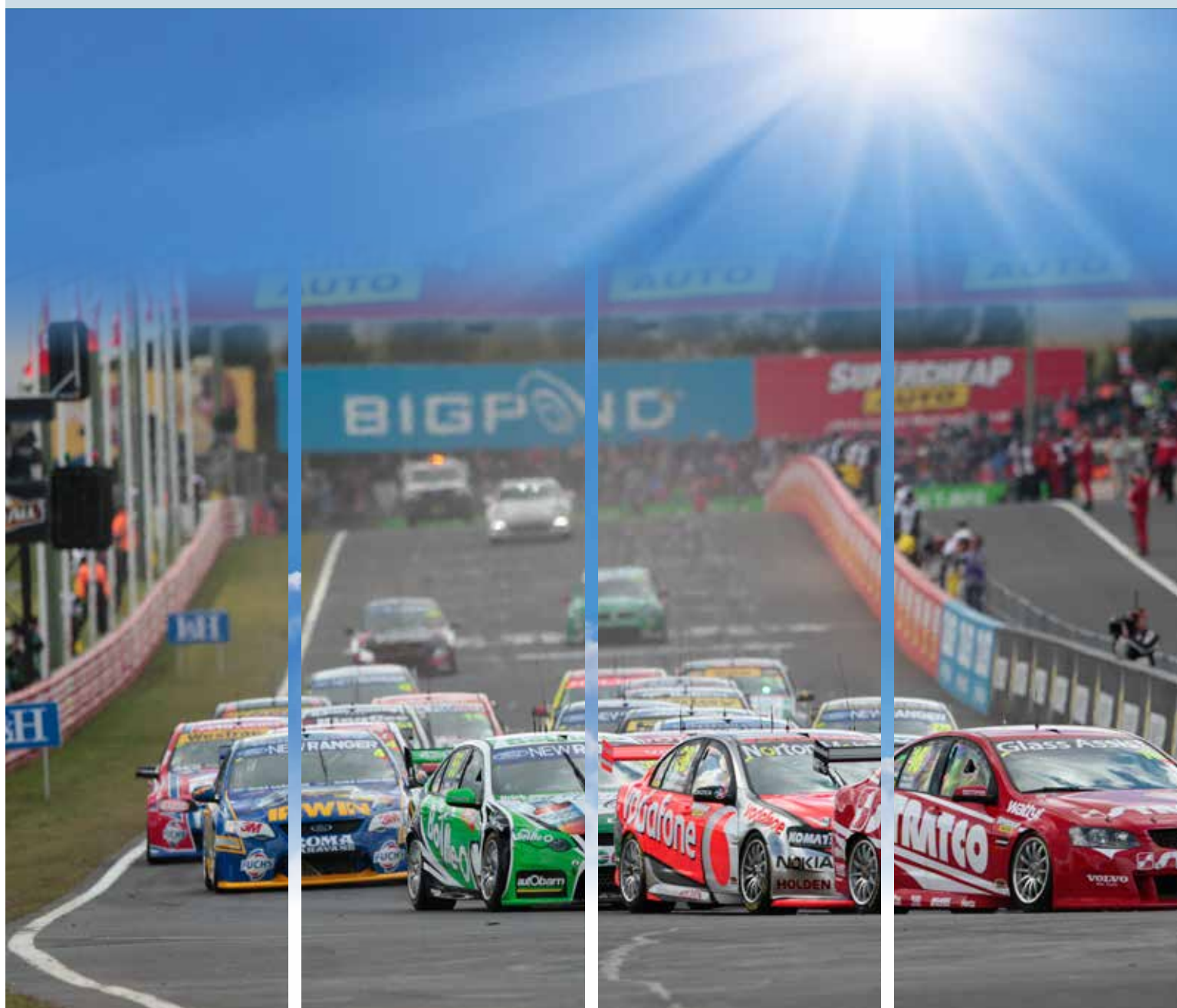


BATHURST REGIONAL COUNCIL

ANNUAL REPORT 2011-2012

Financial Statements



Bathurst Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*"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"*



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Bathurst Regional Council

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

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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 specified in Paragraph 8 of the LGA and includes;

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
 - (iv) These financial statements were authorised for issue by the Council on 12/10/12.
Council has the power to amend and reissue the financial statements.
-

Bathurst Regional Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2012.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

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

2. A Statement of Comprehensive Income

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

3. A Balance Sheet

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

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

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

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 5 Primary Financial Statements.

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

Bathurst Regional Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Council made on 26 September 2012.



Monica Morse
MAYOR



Ian North
DEPUTY MAYOR



David Sherley
GENERAL MANAGER



Robert Roach
RESPONSIBLE ACCOUNTING OFFICER

Bathurst Regional Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012 \$ '000		Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
30,023	Rates & Annual Charges	3a	30,072	28,672
18,621	User Charges & Fees	3b	20,163	18,071
4,098	Interest & Investment Revenue	3c	3,223	3,065
2,768	Other Revenues	3d	3,441	3,374
11,123	Grants & Contributions provided for Operating Purposes	3e,f	15,529	12,800
2,243	Grants & Contributions provided for Capital Purposes	3e,f	4,959	3,089
Other Income:				
13,357	Net gains from the disposal of assets	5	7,905	7,241
82,233	Total Income from Continuing Operations		85,292	76,312
Expenses from Continuing Operations				
25,280	Employee Benefits & On-Costs	4a	27,149	25,128
2,471	Borrowing Costs	4b	997	755
21,949	Materials & Contracts	4c	22,112	21,707
15,050	Depreciation & Amortisation	4d	16,230	14,311
8,129	Other Expenses	4e	7,945	9,657
72,879	Total Expenses from Continuing Operations		74,433	71,558
9,354	Operating Result from Continuing Operations		10,859	4,754
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
9,354	Net Operating Result for the Year		10,859	4,754
9,354	Net Operating Result attributable to Council		10,859	4,754
-	Net Operating Result attributable to Minority Interests		-	-
7,111	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		5,900	1,665

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

Bathurst Regional Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		10,859	4,754
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	28,229	25,497
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
Total Other Comprehensive Income for the year		28,229	25,497
Total Comprehensive Income for the Year		39,088	30,251
Total Comprehensive Income attributable to Council		39,088	30,251
Total Comprehensive Income attributable to Minority Interests		-	-

Bathurst Regional Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	4,841	1,889
Investments	6b	48,435	43,530
Receivables	7	8,959	8,642
Inventories	8	1,949	1,866
Other	8	182	150
Total Current Assets		64,366	56,077
Non-Current Assets			
Investments	6b	18,000	18,590
Receivables	7	515	410
Inventories	8	3,469	3,500
Infrastructure, Property, Plant & Equipment	9	947,165	915,666
Investment Property	14	8,998	8,891
Total Non-Current Assets		978,147	947,057
TOTAL ASSETS		1,042,513	1,003,134
LIABILITIES			
Current Liabilities			
Payables	10	3,502	4,434
Borrowings	10	2,867	3,032
Provisions	10	9,627	8,169
Total Current Liabilities		15,996	15,635
Non-Current Liabilities			
Payables	10	1,137	1,027
Borrowings	10	22,049	22,362
Provisions	10	3,868	3,735
Total Non-Current Liabilities		27,054	27,124
TOTAL LIABILITIES		43,050	42,759
Net Assets		999,463	960,375
EQUITY			
Retained Earnings	20	576,629	565,770
Revaluation Reserves	20	422,834	394,605
Council Equity Interest		999,463	960,375
Minority Equity Interest		-	-
Total Equity		999,463	960,375

Bathurst Regional Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		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) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		576,629	422,834	999,463	-	999,463

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		560,448	369,108	929,556	-	929,556
a. Correction of Prior Period Errors	20 (c)	568	-	568	-	568
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		561,016	369,108	930,124	-	930,124
c. Net Operating Result for the Year		4,754	-	4,754	-	4,754
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	25,497	25,497	-	25,497
- 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		-	25,497	25,497	-	25,497
Total Comprehensive Income (c&d)		4,754	25,497	30,251	-	30,251
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		565,770	394,605	960,375	-	960,375

Bathurst Regional Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
30,023	Rates & Annual Charges		30,082	28,118
18,621	User Charges & Fees		21,496	18,724
4,098	Investment & Interest Revenue Received		3,343	3,141
13,458	Grants & Contributions		20,381	15,485
2,611	Other		4,969	5,410
Payments:				
(25,280)	Employee Benefits & On-Costs		(25,858)	(24,878)
(22,000)	Materials & Contracts		(24,718)	(24,129)
(2,471)	Borrowing Costs		(899)	(608)
-	Bonds, Deposits & Retention amounts refunded		(96)	(122)
(8,078)	Other		(9,189)	(9,750)
10,982	Net Cash provided (or used in) Operating Activities	11b	19,511	11,391
Cash Flows from Investing Activities				
Receipts:				
47,000	Sale of Investment Securities		45,152	54,000
10,213	Sale of Real Estate Assets		7,816	7,901
190	Sale of Infrastructure, Property, Plant & Equipment		1,423	773
-	Deferred Debtors Receipts		-	63
Payments:				
(47,000)	Purchase of Investment Securities		(49,530)	(63,527)
(16,501)	Purchase of Infrastructure, Property, Plant & Equipment		(20,196)	(17,057)
(499)	Purchase of Real Estate Assets		(658)	(245)
-	Deferred Debtors & Advances Made		(88)	-
(6,597)	Net Cash provided (or used in) Investing Activities		(16,081)	(18,092)
Cash Flows from Financing Activities				
Receipts:				
3,555	Proceeds from Borrowings & Advances		2,555	6,235
Payments:				
(2,471)	Repayment of Borrowings & Advances		(3,033)	(2,683)
1,084	Net Cash Flow provided (used in) Financing Activities		(478)	3,552
5,469	Net Increase/(Decrease) in Cash & Cash Equivalents		2,952	(3,149)
5,312	plus: Cash & Cash Equivalents - beginning of year	11a	1,889	5,038
10,781	Cash & Cash Equivalents - end of the year	11a	4,841	1,889
Additional Information:				
	plus: Investments on hand - end of year	6b	66,435	62,120
	Total Cash, Cash Equivalents & Investments		71,276	64,009

Please refer to Note 11 for additional cash flow information

Bathurst Regional Council

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

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n/a - not applicable		

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

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

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

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

future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

Bathurst Regional Council

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

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

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

(i) The Consolidated Fund

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

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

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

- *General Purpose Operations*
- *Bathurst Regional Council Water Supply Fund*
- *Bathurst Regional Council Sewerage Fund*

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 Council (which is a body corporate under the Local Government Act);

- **Upper Macquarie County Council**

*Noxious Weeds Control Authority
4 Constituent Councils - Bathurst, Blayney, Lithgow and Oberon*

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

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

(d) Leases

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

Finance Leases

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

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

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 are 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 incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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 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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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.

(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 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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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 have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(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.

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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

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

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds & 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.

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.

Bathurst Regional Council

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

Note 1. Summary of Significant Accounting Policies (continued)

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 2008 was undertaken by CB Richard Ellis, Registered Valuers and totalled \$129,874,843.

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 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

Bathurst Regional Council

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

Note 1. Summary of Significant Accounting Policies (continued)

(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 five 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 2008.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

Bathurst Regional Council

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

Note 1. Summary of Significant Accounting Policies (continued)

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 or **(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 circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(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 expensed except to the extent that they are incurred during the construction of qualifying assets.

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

(w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be 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.

Bathurst Regional Council

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

Note 1. Summary of Significant Accounting Policies (continued)

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 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.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$334 million at 30 June 2012.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 June 2012.

(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.

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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 2012.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

AASB 13 was released in September 2011.

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

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

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

Applicable to Local Government but no implications for Council;

None

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

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

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

It requires the recognition of all 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.

Bathurst Regional Council

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Not applicable to Local Government per se;

None

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

(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 2012

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance	-	-	-	1,916	1,608	1,851	(1,916)	(1,608)	(1,851)	-	-	71	19,411
Administration	783	1,852	1,018	13,617	13,338	11,098	(12,834)	(11,486)	(10,080)	-	-	78,898	113,105
Public Order & Safety	859	754	738	1,425	1,262	1,435	(566)	(508)	(697)	387	388	3,594	3,549
Health	-	-	-	-	-	-	-	-	-	-	-	87	77
Environment	5,513	8,798	5,885	5,479	8,075	8,126	34	723	(2,241)	1,603	276	80,607	69,618
Community Services & Education	2,830	3,010	3,112	2,741	2,976	2,999	89	34	113	1,861	2,193	9,120	9,078
Housing & Community Amenities	366	1,061	338	2,489	2,468	2,068	(2,123)	(1,407)	(1,730)	131	147	5,355	5,194
Water Supplies	10,229	10,334	9,815	7,687	6,584	7,486	2,542	3,750	2,329	882	462	184,343	139,149
Sewerage Services	8,018	8,339	7,761	5,823	5,887	5,657	2,195	2,452	2,104	100	100	105,924	75,164
Recreation & Culture	4,428	5,350	5,889	12,044	13,682	13,600	(7,616)	(8,332)	(7,711)	765	943	135,568	142,957
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	1,094	834	743	1,100	1,272	1,239	(6)	(438)	(496)	-	-	214	215
Transport & Communication	4,339	8,034	5,986	15,705	14,997	13,785	(11,366)	(6,963)	(7,799)	988	955	417,493	420,946
Economic Affairs	14,816	8,691	8,995	2,853	2,284	2,214	11,963	6,407	6,781	19	-	21,239	4,671
Total Functions & Activities	53,275	57,057	50,280	72,879	74,433	71,558	(19,604)	(17,376)	(21,278)	6,736	5,464	1,042,513	1,003,134
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	28,958	28,235	26,032	-	-	-	28,958	28,235	26,032	8,117	6,256	-	-
Operating Result from Continuing Operations	82,233	85,292	76,312	72,879	74,433	71,558	9,354	10,859	4,754	14,853	11,720	1,042,513	1,003,134

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 2012

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		12,168	11,688
Farmland		1,847	1,798
Mining		11	10
Business		4,970	4,745
Total Ordinary Rates		18,996	18,241
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		2,737	2,566
Water Supply Services		1,957	1,918
Sewerage Services		5,758	5,346
Waste Management Services (non-domestic)		624	601
Total Annual Charges		11,076	10,431
TOTAL RATES & ANNUAL CHARGES		30,072	28,672

Council has used 2007 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 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		6,123	6,008
Sewerage Services		1,045	998
Waste Management Services (non-domestic)		1,636	1,285
Total User Charges		8,804	8,291
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		999	904
Private Works - Section 67		220	179
Section 603 Certificates		84	62
Total Fees & Charges - Statutory/Regulatory		1,303	1,145
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Advertising		69	68
Aerodrome		273	318
Art Gallery		8	3
Australian Fossil & Mineral Museum		97	102
Cemeteries		196	213
Chifley Home		11	9
Child Care		1,135	1,183
Entertainment Centre		501	574
Library & Art Gallery		53	43
Mount Panorama		1,972	1,971
National Motor Racing Museum		190	194
RMS (formerly RTA) Charges (State Roads not controlled by Council)		4,590	3,094
Sewerage		589	524
Sports Stadium		136	130
Water		166	129
Other		70	80
Total Fees & Charges - Other		10,056	8,635
TOTAL USER CHARGES & FEES		20,163	18,071

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		388	278
- Interest earned on Investments (interest & coupon payment income)		3,741	3,626
- Interest on Deferred Debtors		16	-
Impairment Losses/Reversals			
- Impairment (Losses)/Reversals - Investments other than AFS		(63)	-
Less: Interest deducted for Capitalised Borrowing Costs		(859)	(839)
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>3,223</u>	<u>3,065</u>

Interest Revenue is attributable to:**Unrestricted Investments/Financial Assets:**

Overdue Rates & Annual Charges (General Fund)	172	166
General Council Cash & Investments	43	37

Restricted Investments/Funds - External:

Development Contributions		
- Section 94	118	173
- Section 64	538	861
Water Fund Operations	197	172
Sewerage Fund Operations	148	123
Domestic Waste Management operations	69	35
Other Externally Restricted Assets Unexpended Loans	859	839

Restricted Investments/Funds - Internal:

Internally Restricted Assets	1,079	659
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Total Interest & Investment Revenue Recognised	<u>3,223</u>	<u>3,065</u>
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(d). Other Revenues

Fair Value Adjustments - Investment Properties	14	107	309
Rental Income - Investment Properties	14	815	721
Rental Income - Other Council Properties		892	799
Fines		47	46
Fines - Parking		211	214
Legal Fees Recovery - Rates & Charges (Extra Charges)		6	11
Commissions & Agency Fees		28	30
Insurance Claim Recoveries		110	187
Insurance Rebates		320	126
Mount Panorama		282	257
Recycling Income (non domestic)		118	99
Sales - Miscellaneous		245	265
Other		260	310
<u>TOTAL OTHER REVENUE</u>		<u>3,441</u>	<u>3,374</u>

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	7,840	5,980	-	-
Pensioners' Rates Subsidies - General Component	277	276	-	-
Total General Purpose	8,117	6,256	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	100	107	-	-
- Sewerage	100	100	-	-
- Domestic Waste Management	63	62	-	-
Water Supplies	-	44	782	311
Bushfire & Emergency Services	316	328	71	60
Community Care	1,827	1,865	34	72
Community Centres	8	164	-	88
Economic Development	19	-	-	-
Environmental Protection	364	214	-	-
Flood Restoration	-	-	1,176	-
Heritage & Cultural	576	398	-	95
Mount Panorama	40	60	-	-
Recreation & Culture	9	19	50	371
Strategic Planning	25	44	-	-
Street Lighting	106	103	-	-
Transport (Roads to Recovery)	857	857	-	-
Transport (cycleways)	-	-	131	-
Other	82	58	-	44
Total Specific Purpose	4,492	4,423	2,244	1,041
Total Grants	12,609	10,679	2,244	1,041
Grant Revenue is attributable to:				
- Commonwealth Funding	10,762	8,943	1,205	881
- State Funding	1,777	1,647	1,039	148
- Other Funding	70	89	-	12
	12,609	10,679	2,244	1,041

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	431	537
S 64 - Water Supply Contributions	-	-	469	221
S 64 - Sewerage Service Contributions	-	-	438	236
Total Developer Contributions	17	-	1,338	994
Other Contributions:				
Art Gallery	-	-	21	352
Australian Fossil and Mineral Museum	64	55	-	-
Car Parking Enforcement	57	61	-	-
Dedications (other than by S94)	-	-	511	179
Kerb & Gutter	-	-	-	10
Other Councils - Joint Works/Services	193	214	-	-
Recreation & Culture	-	-	160	-
Roads & Bridges	-	-	170	88
RMS Contributions (Regional Roads, Block Grant)	2,415	1,634	350	-
Sewerage (excl. Section 64 contributions)	-	-	51	67
Tourist Centre	164	133	-	-
Water Supplies (excl. Section 64 contributions)	-	-	86	320
Other	27	24	28	38
Total Other Contributions	2,920	2,121	1,377	1,054
Total Contributions	2,920	2,121	2,715	2,048
TOTAL GRANTS & CONTRIBUTIONS	15,529	12,800	4,959	3,089

\$ '000	Actual 2012	Actual 2011
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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	26,034	22,577
add: Grants & contributions recognised in the current period but not yet spent:	6,702	6,237
less: Grants & contributions recognised in a previous reporting period now spent:	(2,727)	(2,780)
Net Increase (Decrease) in Restricted Assets during the Period	3,975	3,457
Unexpended and held as Restricted Assets	30,009	26,034

Comprising:

- Specific Purpose Unexpended Grants	5,769	3,826
- Developer Contributions	24,240	22,208
	30,009	26,034

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		18,119	17,629
Travelling		679	517
Employee Leave Entitlements (ELE)		4,277	2,959
Superannuation		2,336	2,749
Workers' Compensation Insurance		1,224	790
Fringe Benefit Tax (FBT)		215	200
Payroll Tax		220	199
Training Costs (other than Salaries & Wages)		258	208
Protective Clothing		-	1
Other		68	78
Total Employee Costs		27,396	25,330
less: Capitalised Costs		(247)	(202)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>27,149</u>	<u>25,128</u>
Number of "Equivalent Full Time" Employees at year end		350	350
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		1,790	1,559
Total Interest Bearing Liability Costs		1,790	1,559
less: Capitalised Costs		(907)	(951)
Total Interest Bearing Liability Costs Expensed		883	608
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	114	147
Total Other Borrowing Costs		114	147
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>997</u>	<u>755</u>

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		19,391	19,199
Contractor & Consultancy Costs		310	483
Auditors Remuneration ⁽¹⁾		151	121
Legal Expenses:			
- Legal Expenses: Planning & Development		44	61
- Legal Expenses: Other		749	238
- Legal Expenses: Debt Recovery		11	11
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		587	710
Recycling Services		869	884
Total Materials & Contracts		22,112	21,707
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>22,112</u>	<u>21,707</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

Remuneration for audit and other assurance services

74	65
74	65

(ii) Taxation Services

- Tax compliance services

Remuneration for taxation services

-	-
-	-

(iii) Internal Audit

- Internal Auditor

- Audit and Risk Management Committee

Remuneration for other services

57	56
20	-
77	56

Total Auditor Remuneration

151	121
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2. Operating Lease Payments are attributable to:

Computers

587	710
587	710

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,085	2,027
Office Equipment		-	-	165	118
Furniture & Fittings		-	-	41	40
Land Improvements (depreciable)		-	-	250	337
Buildings - Non Specialised		-	-	740	734
Buildings - Specialised		-	-	513	539
Other Structures		-	-	455	527
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	6,263	4,577
- Stormwater Drainage		-	-	843	748
- Water Supply Network		-	-	2,462	2,419
- Sewerage Network		-	-	2,074	1,982
Other Assets					
- Heritage Collections		-	-	78	-
- Library Books		-	-	117	-
- Other		-	-	91	210
Asset Reinstatement Costs	9 & 26	-	-	53	53
Total Depreciation & Impairment Costs		-	-	16,230	14,311
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	16,230	14,311

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		419	444
Bad & Doubtful Debts		(6)	19
Bank Charges		120	118
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		39	41
- NSW Fire Brigade Levy		198	202
- NSW Rural Fire Service Levy		265	324
Councillor Expenses - Mayoral Fee		36	35
Councillor Expenses - Councillors' Fees		150	144
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		40	44
Donations, Contributions & Assistance to other organisations (Section 356)		87	142
- Footpath & Gutter Maintenance		47	63
- Somerville Collection		3	15
Electricity & Heating		2,271	2,109
Fire Control Expenses		-	2
Insurance		1,491	1,675
Office Expenses (including computer expenses)		24	19
Postage		114	120
Printing & Stationery		388	375
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	-	1,919
Street Lighting		1,023	672
Subscriptions & Publications		418	365
Telephone & Communications		394	397
Upper Macquarie County Council (Noxious Weeds)		188	183
Valuation Fees		89	111
Other		147	119
Total Other Expenses		7,945	9,657
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>7,945</u>	<u>9,657</u>

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		717	-
less: Carrying Amount of Property Assets Sold / Written Off		(129)	(64)
Net Gain/(Loss) on Disposal		588	(64)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		706	773
less: Carrying Amount of P&E Assets Sold / Written Off		(567)	(623)
Net Gain/(Loss) on Disposal		139	150
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	(186)
Net Gain/(Loss) on Disposal		-	(186)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		7,816	7,901
less: Carrying Amount of Real Estate Assets Sold / Written Off		(638)	(560)
Net Gain/(Loss) on Disposal		7,178	7,341
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		45,152	-
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(45,152)	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		7,905	7,241

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		4,841	-	1,889	-
Total Cash & Cash Equivalents		4,841	-	1,889	-
Investment Securities (Note 6b)					
- Long Term Deposits		48,435	8,000	43,530	6,000
- NCD's, FRN's (with Maturities > 3 months)		-	10,000	-	12,590
Total Investment Securities		48,435	18,000	43,530	18,590
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		53,276	18,000	45,419	18,590

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"

	4,841	-	1,889	-
--	--------------	----------	--------------	----------

Investments

a. "Held to Maturity"

6(b-ii)

Investments

	48,435	18,000	43,530	18,590
	48,435	18,000	43,530	18,590

Note 6(b-i)

**Reconciliation of Investments
classified as "Held to Maturity"**

Nil

Balance at the Beginning of the Year	43,530	18,590	48,003	4,590
Additions	45,530	4,000	54,000	13,000
Impairment (loss)/prior loss reversal (via P&L)	-	(63)	-	-
Disposals (sales & redemptions)	(44,625)	(527)	(57,473)	-
Transfers between Current/Non Current	4,000	(4,000)	(1,000)	1,000
Balance at End of Year	48,435	18,000	43,530	18,590

Comprising:

- Long Term Deposits	48,435	8,000	43,530	6,000
- NCD's, FRN's (with Maturities > 3 months)	-	10,000	-	12,590
Total	48,435	18,000	43,530	18,590

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investment Securities	53,276	18,000	45,419	18,590
attributable to:				
External Restrictions (refer below)	40,856	18,000	37,971	18,590
Internal Restrictions (refer below)	11,944	-	7,215	-
Unrestricted	476	-	233	-
	53,276	18,000	45,419	18,590

2012 \$ '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)	15,748	250	(1,075)	14,923
External Restrictions - Included in Liabilities	15,748	250	(1,075)	14,923

External Restrictions - Other

Developer Contributions - General (D)	4,350	630	(43)	4,937
Developer Contributions - Water Fund (D)	10,792	795	-	11,587
Developer Contributions - Sewer Fund (D)	7,066	650	-	7,716
Specific Purpose Unexpended Grants (F)	3,797	4,627	(2,662)	5,762
Specific Purpose Unexpended Grants (F) - Water Fund	29	-	(22)	7
Water Supplies (G)	3,749	2,824	(3,974)	2,599
Water Supplies - Internal Restrictions (G)	119	-	(119)	-
Sewerage Services (G)	8,736	1,920	(1,645)	9,011
Sewerage Services - Internal Restrictions (G)	313	-	(301)	12
Domestic Waste Management (G)	1,862	1,887	(1,447)	2,302
External Restrictions - Other	40,813	13,333	(10,213)	43,933
Total External Restrictions	56,561	13,583	(11,288)	58,856

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 2012

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Administration	25	107	(16)	116
Building Maintenance & Improvements	-	192	-	192
Capital Works	-	200	-	200
Carry Over Works	-	160	-	160
Child Care	21	-	(21)	-
Community Services	198	-	(198)	-
Environmental	277	123	(263)	137
Family Day Care	9	-	(9)	-
Land Development	-	2,800	-	2,800
Parks	-	100	-	100
Plant & Vehicle Replacement	-	2,817	(2,267)	550
SES Plant	-	22	-	22
Strategic Planning	15	75	(15)	75
Total Internal Restrictions - Ordinary Services	545	6,596	(2,789)	4,352
Solid Waste Depot General Reserve	3,668	2,576	(1,675)	4,569
Waste Management	256	67	-	323
Depot Maintenance	25	-	-	25
Waste Services - Internal Restrictions (W)	2,721	-	(46)	2,675
Total Internal Restrictions	7,215	9,239	(4,510)	11,944
TOTAL RESTRICTIONS	63,776	22,822	(15,798)	70,800

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,534	229	2,564	209
Interest & Extra Charges		234	-	291	-
User Charges & Fees		1,709	-	1,721	-
Accrued Revenues					
- Other Income Accruals		1,225	-	1,341	-
Deferred Debtors		19	286	16	201
Government Grants & Subsidies		1,162	-	37	-
Investment Receivable	6b	931	-	931	-
Net GST Receivable		146	-	172	-
Sundry Debtors		1,048	-	1,661	-
Other Debtors		2	-	6	-
Total		9,010	515	8,740	410
less: Provision for Impairment					
User Charges & Fees		(3)	-	(22)	-
Other Debtors		(48)	-	(76)	-
Total Provision for Impairment - Receivables		(51)	-	(98)	-
<u>TOTAL NET RECEIVABLES</u>		<u>8,959</u>	<u>515</u>	<u>8,642</u>	<u>410</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		25	-	34	-
- Rates & Availability Charges		772	64	711	57
- Other		1,503	-	1,628	-
Sewerage Services					
- Specific Purpose Grants		2	-	1	-
- Rates & Availability Charges		777	64	763	63
- Other		360	-	280	-
Total External Restrictions		3,439	128	3,417	120
Internally Restricted Receivables					
Unrestricted Receivables		5,520	387	5,225	290
TOTAL NET RECEIVABLES		8,959	515	8,642	410

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		1,204	3,469	1,153	3,500
Stores & Materials		522	-	518	-
Trading Stock		223	-	195	-
Total Inventories		1,949	3,469	1,866	3,500
Other Assets					
Prepayments		182	-	150	-
Total Other Assets		182	-	150	-
TOTAL INVENTORIES / OTHER ASSETS		2,131	3,469	2,016	3,500

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures

(a) Details for Real Estate Development

Residential	513	836	199	868
Industrial/Commercial	691	2,633	954	2,632
Total Real Estate for Resale	1,204	3,469	1,153	3,500

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition Costs	540	3,469	733	3,500
Development Costs	664	-	420	-
Total Costs	1,204	3,469	1,153	3,500
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	1,204	3,469	1,153	3,500

Movements:

Real Estate assets at beginning of the year	1,153	3,500	1,158	3,810
- Purchases and other costs	664	(6)	443	(198)
- Transfers in from (out to) Note 9	-	-	52	(52)
- WDV of Sales (exp)	(638)	-	(560)	-
- Transfer between Current/Non Current	25	(25)	60	(60)
Total Real Estate for Resale	1,204	3,469	1,153	3,500

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period				as at 30/6/2012				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value					Cost	Fair Value	Dep'n	Impairment	Value
Plant & Equipment	-	22,682	13,660	-	9,022	2,599	(567)	(2,085)	-	-	23,560	14,591	-	8,969
Office Equipment	-	2,237	1,597	-	640	140	-	(165)	-	-	2,377	1,762	-	615
Furniture & Fittings	-	1,239	1,066	-	173	16	-	(41)	-	-	1,255	1,107	-	148
Land:														
- Operational Land	-	68,255	-	-	68,255	81	(129)	-	-	-	68,207	-	-	68,207
- Community Land	-	13,251	-	-	13,251	251	-	-	-	-	13,502	-	-	13,502
- Land under Roads (post 30/6/08)	-	25	-	-	25	6	-	-	-	-	31	-	-	31
Land Improvements - depreciable	-	12,085	2,752	-	9,333	931	-	(250)	-	-	13,016	3,002	-	10,014
Buildings - Non Specialised	-	75,699	12,613	-	63,086	1,327	-	(740)	-	-	77,026	13,353	-	63,673
Buildings - Specialised	-	54,092	8,632	-	45,460	81	-	(513)	-	-	54,172	9,144	-	45,028
Other Structures	-	16,602	3,620	-	12,982	371	-	(455)	-	-	16,972	4,074	-	12,898
Infrastructure:														
- Roads, Bridges, Footpaths	-	392,600	101,822	-	290,778	7,044	-	(6,263)	-	-	399,643	108,084	-	291,559
- Bulk Earthworks (non-depreciable)	-	113,675	-	-	113,675	29	-	-	-	-	113,704	-	-	113,704
- Stormwater Drainage	-	92,828	30,377	-	62,451	1,355	-	(843)	-	-	94,183	31,220	-	62,963
- Water Supply Network	-	217,123	85,614	-	131,509	4,051	-	(2,462)	17,896	-	264,831	113,837	-	150,994
- Sewerage Network	-	144,471	70,492	-	73,979	1,634	-	(2,074)	10,333	-	174,721	90,849	-	83,872
Other Assets:														
- Other	-	26,217	7,034	-	19,183	280	-	(286)	-	-	26,497	7,320	-	19,177
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)														
- Tip Asset	-	2,658	794	-	1,864	-	-	(53)	-	-	2,658	847	-	1,811
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,255,739	340,073	-	915,666	20,196	(696)	(16,230)	28,229	-	1,346,355	399,190	-	947,165

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$3,955,000) and New Assets (\$16,241,000). 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 2012

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

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	663	452	211	-	663	390	273
Office Equipment	-	10	5	5	-	6	6	-
Furniture & Fittings	-	-	-	-	-	3	3	-
Land								
- Operational Land	-	4,797	-	4,797	-	4,797	-	4,797
- Improvements - depreciable	-	704	75	629	-	704	66	638
Buildings	-	11,232	240	10,992	-	11,193	220	10,973
Other Structures	-	219	36	183	-	219	28	191
Infrastructure	-	264,831	113,837	150,994	-	217,123	85,614	131,509
Total Water Supply	-	282,456	114,645	167,811	-	234,708	86,327	148,381
Sewerage Services								
Plant & Equipment	-	195	116	79	-	195	99	96
Office Equipment	-	11	3	8	-	3	3	-
Land								
- Operational Land	-	1,014	-	1,014	-	1,014	-	1,014
- Improvements - depreciable	-	111	40	71	-	111	36	75
Buildings	-	2	-	2	-	-	-	-
Other Structures	-	49	-	49	-	-	-	-
Infrastructure	-	174,721	90,849	83,872	-	144,471	70,492	73,979
Total Sewerage Services	-	176,103	91,008	85,095	-	145,794	70,630	75,164
Domestic Waste Management								
Plant & Equipment	-	2,046	774	1,272	-	2,256	565	1,691
Land								
Other Assets	-	644	430	214	-	601	381	220
Total DWM	-	2,690	1,204	1,486	-	2,857	946	1,911
TOTAL RESTRICTED I,PP&E	-	461,249	206,857	254,392	-	383,359	157,903	225,456

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 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		2,184	-	2,547	-
Payments Received In Advance		89	-	13	-
Accrued Expenses:					
- Borrowings		67	-	83	-
- Other Expenditure Accruals		359	-	782	-
Security Bonds, Deposits & Retentions		803	1,137	1,009	1,027
Total Payables		3,502	1,137	4,434	1,027
Borrowings					
Loans - Secured ¹		2,867	22,049	3,032	22,362
Total Borrowings		2,867	22,049	3,032	22,362
Provisions					
Employee Benefits;					
Annual Leave		2,747	-	2,597	-
Long Service Leave		6,640	99	5,276	141
Sub Total - Aggregate Employee Benefits		9,387	99	7,873	141
Asset Remediation/Restoration (Future Works)	26	92	3,769	153	3,594
Other		148	-	143	-
Total Provisions		9,627	3,868	8,169	3,735
Total Payables, Borrowings & Provisions		15,996	27,054	15,635	27,124

(i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	501	3	770	7
Sewer	528	4	520	6
Liabilities relating to externally restricted assets	1,029	7	1,290	13
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	1,029	7	1,290	13

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 2012

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

\$ '000	2012	2011
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	7,263	5,930
	7,263	5,930

Note 10b. Description of and movements in Provisions

Class of Provision	2011	2012				
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/12
Annual Leave	2,597	1,646	(1,596)	100	-	2,747
Long Service Leave	5,417	1,113	(514)	723	-	6,739
Asset Remediation	3,747	114	-	-	-	3,861
Other	143	5	-	-	-	148
TOTAL	11,904	2,878	(2,110)	823	-	13,495

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. 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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	4,841	1,889
BALANCE as per the STATEMENT of CASH FLOWS		4,841	1,889
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		10,859	4,754
Adjust for non cash items:			
Depreciation & Amortisation		16,230	14,311
Net Losses/(Gains) on Disposal of Assets		(7,905)	(7,241)
Non Cash Capital Grants and Contributions		-	(1,535)
Impairment Losses / (Prior Period Reversals) - Financial Investments		63	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(107)	(309)
- Write Offs relating to the Fair Valuation of I,PP&E		-	1,919
Unwinding of Discount Rates on Reinstatement Provisions		114	147
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(287)	(266)
Increase/(Decrease) in Provision for Doubtful Debts		(47)	7
Decrease/(Increase) in Inventories		(32)	(48)
Decrease/(Increase) in Other Assets		(32)	(80)
Increase/(Decrease) in Payables		(363)	(203)
Increase/(Decrease) in accrued Interest Payable		(16)	-
Increase/(Decrease) in other accrued Expenses Payable		(423)	215
Increase/(Decrease) in Other Liabilities		(20)	(635)
Increase/(Decrease) in Employee Leave Entitlements		1,472	350
Increase/(Decrease) in Other Provisions		5	5
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		19,511	11,391

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
S94 Contributions "in kind"		-	1,535
Total Non-Cash Investing & Financing Activities		-	1,535
(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
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
Total Financing Arrangements Utilised		-	-

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

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

(ii) Secured Loan Liabilities

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

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		255	551
Land		-	65
Sewer		1,277	-
Structure		1,302	-
Total Commitments		2,834	616
These expenditures are payable as follows:			
Within the next year		2,834	616
Total Payable		2,834	616
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,423	616
Externally Restricted Reserves		1,302	-
Unexpended Loans		109	-
Total Sources of Funding		2,834	616

(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	598	604
Later than one year and not later than 5 years	610	1,181
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	1,208	1,785

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.

(d) Investment Property Commitments

Nil

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 20112010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	20,071	2.61 : 1	1.75	1.58
Current Liabilities less Specific Purpose Liabilities ^(2,3)	7,704			
2. Debt Service Ratio				
Debt Service Cost	4,823	6.61%	6.36%	6.16%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	72,921			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	30,072	35.26%	37.57%	38.11%
Income from Continuing Operations	85,292			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	2,997	8.94%	9.71%	8.71%
Rates, Annual & Extra Charges Collectible	33,530			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	3,955	30.67%	34.88%	34.76%
Depreciation, Amortisation & Impairment	12,895			

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 2012

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	9.78 : 1	19.25 : 1	0.75 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	5.02 : 1	17.40 : 1	0.21 : 1
2. Debt Service Ratio			
Debt Service Cost	0.18%	0.00%	8.68%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	3.28%	0.51%	7.83%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	18.65%	68.64%	33.74%
Income from Continuing Operations			
prior period:	22.48%	64.08%	36.56%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	28.70%	12.50%	5.53%
Rates, Annual & Extra Charges Collectible			
prior period:	25.37%	14.55%	6.02%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	27.25%	27.19%	32.54%
Depreciation, Amortisation & Impairment			
prior period:	48.36%	67.26%	20.14%

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 2012

Note 14. Investment Properties

\$ '000	Notes	Actual 2012	Actual 2011
(a) Investment Properties at Fair value			
Investment Properties on Hand		8,998	8,891
Reconciliation of Annual Movement:			
Opening Balance		8,891	8,582
- Net Gain/(Loss) from Fair Value Adjustments		107	309
CLOSING BALANCE - INVESTMENT PROPERTIES		8,998	8,891

(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.

(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	808	677
Later than 1 year but less than 5 years	1,531	1,869
Later than 5 years	7	173
Total Minimum Lease Payments Receivable	2,346	2,719

(e) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:		
- Minimum Lease Payments	815	721
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(318)	(346)
Net Revenue Contribution from Investment Properties	497	375
plus:		
Fair Value Movement for year	107	309
Total Income attributable to Investment Properties	604	684

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	4,841	1,889	4,841	1,889
Investments				
- "Held to Maturity"	66,435	62,120	66,435	62,120
Receivables	9,474	9,052	9,474	9,052
Total Financial Assets	80,750	73,061	80,750	73,061
Financial Liabilities				
Payables	4,550	5,448	4,550	5,448
Loans / Advances	24,916	25,394	24,916	25,394
Total Financial Liabilities	29,466	30,842	29,466	30,842

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 2012

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council 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
2012				
Possible impact of a 10% movement in Market Values	1,493	1,493	(1,493)	(1,493)
Possible impact of a 1% movement in Interest Rates	664	664	664	664
2011				
Possible impact of a 10% movement in Market Values	1,352	1,352	(1,352)	(1,352)
Possible impact of a 1% movement in Interest Rates	610	610	(610)	(610)

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	6,762	-	6,377
Overdue	2,763	-	2,773	-
	2,763	6,762	2,773	6,377
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			98	91
+ new provisions recognised during the year			-	7
- amounts already provided for & written off this year			(47)	-
Balance at the end of the year			51	98

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Trade/Other Payables	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
2011									
Trade/Other Payables	2,036	3,412	-	-	-	-	-	5,448	5,448
Loans & Advances	-	4,838	4,263	7,382	3,138	2,785	11,788	34,194	25,394
Total Financial Liabilities	2,036	8,250	4,263	7,382	3,138	2,785	11,788	39,642	30,842

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

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

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,550	0.0%	5,448	0.0%
Loans & Advances - Fixed Interest Rate	24,916	7.1%	25,394	7.2%
	<u>29,466</u>		<u>30,842</u>	

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 2011/2012 was adopted by the Council on 15 June 2011.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2012 Budget	2012 Actual	2012 Variance*		
REVENUES					
Rates & Annual Charges	30,023	30,072	49	0%	F
User Charges & Fees	18,621	20,163	1,542	8%	F
Interest & Investment Revenue	4,098	3,223	(875)	(21%)	U
The budget for Interest Income was completed on a cash basis, without allowance for adjustment for capitalised interest on unexpended loans for capital projects. The capitalisation of a portion of the interest has resulted in an actual amount less than budget.					
Other Revenues	2,768	3,441	673	24%	F
Several items are included in the actual value that were not included in the original budget, such as the 'Fair Value Adjustment' for the Investment property, insurance rebates and insurance claims received, and a new commercial contract for Mount Panorama.					
Operating Grants & Contributions	11,123	15,529	4,406	40%	F
Council received Flood Assistance funding after an unanticipated flood event and received 50% of its Financial Assistance Grants for the 2012/2013 financial year from the Commonwealth Government in the 2011/2012 year.					
Capital Grants & Contributions	2,243	4,959	2,716	121%	F
Council was successful in gaining grants that were not included in the original budget including for Flood Mitigation works and a recycling project at the Water Filtration Plant.					
Net Gains from Disposal of Assets	13,357	7,905	(5,452)	(41%)	U
Avonlea Stage 6 real estate development was completed and most blocks sold in 2010/2011, but was originally set down for the 2011/2012 year. Several industrial blocks were anticipated to be sold in the budget which didn't.					

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	25,280	27,149	(1,869)	(7%)	U
Borrowing Costs	2,471	997	1,474	60%	F
The budget for Interest Expense was completed on a cash basis, without allowance for adjustment for capitalised interest on unexpended loans for capital projects. The capitalisation of a portion of the interest has resulted in an actual amount less than budget.					
Materials & Contracts	21,949	22,112	(163)	(1%)	U
Depreciation & Amortisation	15,050	16,230	(1,180)	(8%)	U
Impairment Expenses	-	-	-	0%	F
Other Expenses	8,129	7,945	184	2%	F

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

Cash Flows from Operating Activities	10,982	19,511	8,529	77.7%	F
This variance is mainly due to Council receiving \$7 million in extra grants as previously noted.					
Cash Flows from Investing Activities	(6,597)	(16,081)	(9,484)	143.8%	U
Council's real estate sales were below expectations as previously noted, and extra capital works were completed through the utilisation of grant funds.					
Cash Flows from Financing Activities	1,084	(478)	(1,562)	(144.1%)	U
Council did not take out the \$1 million civic centre loan that was budgeted due to delays in the land purchase.					

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	2,204	157	-	73	-	-	2,434	27,893	(30,327)	-	-
Roads	3	38	-	-	-	-	41	1,373	(1,414)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	254	-	-	8	-	-	262	2,391	(2,653)	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	731	218	-	20	-	-	969	7,698	(8,667)	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	3,192	413	-	101	-	-	3,706	39,355	(43,061)	-	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	3,192	413	-	101	-	-	3,706				-
S94 not under Plans	1,158	99	-	17	(43)	-	1,231	121	(1,352)	-	-
S64 Contributions	17,858	907	-	538	-	-	19,303				
Total Contributions	22,208	1,419	-	656	(43)	-	24,240	39,476	(44,413)	-	-

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	426	41	-	16	-	-	483	8,535	(9,018)	-	-
Total	426	41	-	16	-	-	483	8,535	(9,018)	-	-

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	1,262	90	-	44	-	-	1,396	15,513	(16,909)	-	-
Total	1,262	90	-	44	-	-	1,396	15,513	(16,909)	-	-

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	210	19	-	2	-	-	231	3,035	(3,266)	-	-
Total	210	19	-	2	-	-	231	3,035	(3,266)	-	-

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	3	38	-	-	-	-	41	1,373	(1,414)	-	-
Total	3	38	-	-	-	-	41	1,373	(1,414)	-	-

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	254	-	-	8	-	-	262	2,391	(2,653)	-	-
Total	254	-	-	8	-	-	262	2,391	(2,653)	-	-

CONTRIBUTION PLAN - Community Facilities & Services Windray/Llanart

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	116	-	-	4	-	-	120	955	(1,075)	-	-
Total	116	-	-	4	-	-	120	955	(1,075)	-	-

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	615	218	-	16	-	-	849	6,743	(7,592)	-	-
Total	615	218	-	16	-	-	849	6,743	(7,592)	-	-

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	306	7	-	11	-	-	324	810	(1,134)	-	-
Total	306	7	-	11	-	-	324	810	(1,134)	-	-

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

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	975	78	-	13	(27)	-	1,039	121	(1,160)	-	-
Community Facilities	2	-	-	-	-	-	2	-	(2)	-	-
Other	181	21	-	4	(16)	-	190	-	(190)	-	-
Total	1,158	99	-	17	(43)	-	1,231	121	(1,352)	-	-

Bathurst Regional Council

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects 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 2012

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) 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 2012

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.

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.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		565,770	560,448
a. Correction of Prior Period Errors	20 (c)	-	568
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		10,859	4,754
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		576,629	565,770

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	422,834	394,605
Total	422,834	394,605

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	394,605	369,108
- Revaluations for the year	9(a) 28,229	25,497
- Balance at End of Year	422,834	394,605

TOTAL VALUE OF RESERVES

422,834	394,605
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(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Correction of errors as disclosed in last year's financial statements:			
As part of the transition to fair values for IPP&E, the remaining useful life of assets in the classes listed below were reassessed to actual.			
This reassessment (in 10/11) resulted in a material difference as to where some assets actually sat in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council did not have sufficient and reliable information that allowed the restatement of information prior to 30/6/10 (the closing date for last year's comparative figures).			
As a result, Council adjusted the accumulated depreciation for the following asset classes as at 30/6/10 to reflect the correct value of accumulated depreciation;			
- Land Improvements (increase)/decrease to accumulated depreciation			(667)
- Other Structures (increase)/decrease to accumulated depreciation			1,564
- Other Assets (increase)/decrease to accumulated depreciation			(329)
 In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	568
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		-	-
Total Prior Period Adjustments - Prior Period Errors		-	568

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 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	2,064	5,828	22,180
User Charges & Fees	6,848	1,693	11,622
Interest & Investment Revenue	524	359	2,340
Other Revenues	196	22	3,223
Grants & Contributions provided for Operating Purposes	100	100	15,329
Grants & Contributions provided for Capital Purposes	1,337	489	3,133
Other Income			
Net Gains from Disposal of Assets	-	-	7,905
Total Income from Continuing Operations	11,069	8,491	65,732
Expenses from Continuing Operations			
Employee Benefits & on-costs	2,343	2,464	22,342
Borrowing Costs	9	-	988
Materials & Contracts	3,980	3,001	15,131
Depreciation & Amortisation	2,560	2,096	11,574
Other Expenses	931	616	6,398
Total Expenses from Continuing Operations	9,823	8,177	56,433
Operating Result from Continuing Operations	1,246	314	9,299
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	1,246	314	9,299
Net Operating Result attributable to each Council Fund	1,246	314	9,299
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(91)	(175)	6,166

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

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

Bathurst Regional Council

Notes to the Financial Statements

as at 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,606	9,023	(6,788)
Investments	587	716	47,132
Receivables	2,300	1,138	5,521
Inventories	-	-	1,949
Other	-	1	181
Total Current Assets	5,493	10,878	47,995
Non-Current Assets			
Investments	11,000	7,000	-
Receivables	64	64	387
Inventories	-	-	3,469
Infrastructure, Property, Plant & Equipment	167,811	85,095	694,259
Investment Property	-	-	8,998
Total Non-Current Assets	178,875	92,159	707,113
TOTAL ASSETS	184,368	103,037	755,108
LIABILITIES			
Current Liabilities			
Payables	92	80	3,330
Borrowings	-	-	2,867
Provisions	409	448	8,770
Total Current Liabilities	501	528	14,967
Non-Current Liabilities			
Payables	-	-	1,137
Borrowings	-	-	22,049
Provisions	3	4	3,861
Total Non-Current Liabilities	3	4	27,047
TOTAL LIABILITIES	504	532	42,014
Net Assets	183,864	102,505	713,094
EQUITY			
Retained Earnings	123,882	70,338	382,409
Revaluation Reserves	59,982	32,167	330,685
Total Equity	183,864	102,505	713,094

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

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

Bathurst Regional Council

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

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

\$ '000

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

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

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

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

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

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

Council is 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".

Bathurst Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 25. Intangible Assets

\$ '000

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2012	2011
Bathurst Solid Waste Disposal Centre	2046	3,861	3,747
Balance at End of the Reporting Period	10(a)	3,861	3,747

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	3,747	3,600
Amortisation of discount (expensed to borrowing costs)	114	147
Total - Reinstatement, rehabilitation and restoration provision	3,861	3,747

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 2012

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

Morse Group Accountants & Advisors

Elected Members
MAYOR

Monica Morse

COUNCILLORS

Warren Aubin

Bobby Bourke

Michael Coote

Graeme Hanger

Jess Jennings

Ian North

Gary Rush

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 for the financial year ended 30 June 2012. 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, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

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

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Bathurst Regional Council (Council) for the year ended 30 June 2012 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.

Basis for Qualified Auditor's Opinion

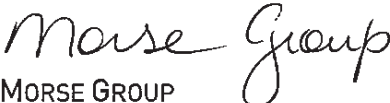
Council's stated policy as outlined in Note 1(h) to Council's financial statements requires Council to review amounts receivable for impairment in accordance with Australian Accounting Standard AASB 139- Financial Instruments: Recognition and Measurement. Council had invested \$1,000,000 in a community income constant proportional debt obligation which at 30 June 2012 had been cashed out resulting in a realisation of \$68,892 on an original investment of \$1,000,000. Council has recognised a receivable of \$931,108 in anticipation of a successful action against the issuer of this financial instrument. No determination has been made in this legal action and the realisation of this receivable is dependent on future events which at 30 June 2012 are unable to be assessed with any certainty. Based on these circumstances the issuer has no obligation to Council for the unrealised invested funds and Council has made no assessment of impairment of this receivable.

In our opinion this asset was impaired at 30 June 2012. Accordingly, Council's current receivables disclosed in Note 7 should be reduced by \$931,000 to \$8,028,000 and the net operating result for the year should be reduced by \$931,000 to \$9,928,000.

Qualified Auditor's Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph:

- (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.


MORSE GROUP

266 Howick Street
Bathurst
Dated: 12 October 2012


LR SMITH
PARTNER

12 October 2012

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

Dear Madam 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 for the financial year ended 30 June 2012. 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 2012. 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 \$10,859,000 (2011 - \$4,754,000). Some items of note in the operating statement include:

Revenue

- The operating surplus *before* capital amounts was \$5,900,000 (2011 - \$1,665,000).
- Council's revenue from rates and annual charges rose by \$1,400,000 from \$28,672,000 in 2011 to \$30,072,000 in 2012.

Rates increased by \$755,000 (4.14%) which was the combined result of the approved rate pegging increase of 2.8% and normal additions to rateable land within the Council area through land developments.

- User charges and fees increased from \$18,071,000 in 2011 to \$20,163,000 in 2012 (increase of \$2,092,000). Revenue from the RMS (formerly RTA) for work on State Roads increased by \$1,496,000 over the prior year. This was the result of more 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.
- Operating grants and contributions for the year were \$15,529,000 compared to \$12,800,000 in 2011 (increase of \$2,729,000).

The 2012 year included \$1,577,000 in RMS contributions related to flood damage which occurred in the Council area in January 2012. The 2011 year included \$1,170,000 in contributions of this nature for flood damage which occurred in December 2010.

Council received two (2) advance payments of the Federal Financial Assistance Grant during the 2012 year whereas only one (1) advance payment was received in 2011. Revenue from this source was \$1,860,000 higher in 2012 than 2011.

- Capital grants and contributions rose by \$1,870,000 from \$3,089,000 in 2011 to \$4,959,000. Council received \$1,176,000 in grants for flood mitigations work during 2012, including land acquisitions and levy bank construction. No income of this nature was received in the 2011 financial year.
- Council's net gain from the disposal of assets for 2012 was \$7,905,000 (2011 - \$7,241,000). Gains on the sale of Council's real estate developments contributed \$7,178,000 (2011 - \$7,341,000) to Council's operating result.

Expenditure

- Total employee costs increased by \$2,021,000 (8.04%) compared to the prior year. Salaries and wages costs increased by \$490,000 (2.78 %) which was primarily attributable to the annual Award increase.

A change in the measurement methodology for Council's employee leave entitlements saw an additional \$940,000 added to this line item. In addition, Council's workers compensation insurance expense increased by \$434,000, mostly due to premium adjustments to reflect Council's claims history.

- Council's depreciation expense increased compared to the prior year, moving from \$14,311,000 in 2011 to \$16,230,000 in 2012 (\$1,919,000 increase). Of this, \$1,686,000 was in relation to Council's roads, bridges and footpaths, primarily as a result of the re-assessment by Council of the residual values for sealed roads.

- Other expenses fell by \$1,712,000 to \$7,945,000 (2011 - \$9,657,000). The 2011 year included a \$1,919,000 revaluation decrement in relation to Council's land improvements and land under roads. These categories were revalued for the first time in 2011 and had no existing revaluations against which to offset these decrements. There were no equivalent adjustments required in the 2012 financial year.

(b) Financial Position

The Balance Sheet discloses that for the year ended 30 June 2012 Council's net assets stood at \$999,463,000 (2011 - \$960,375,000) which represents an increase of \$39,088,000.

This increase is the combined effect of the surplus for the year after capital amounts of \$10,859,000 (2011 - \$4,754,000) and the revaluation of Council's water and sewerage assets which saw \$28,229,000 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.

	2012 \$'000	2011 \$'000
Net current assets	48,370	40,442
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(44,295)	(41,388)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(11,944)	(7,215)
Add: Applicable current liabilities refer Note 10		
- Water	501	770
- Sewerage	528	520
Add: Employee leave entitlements not expected to be paid within 12 months	7,263	5,930
Unrestricted net current asset surplus/(deficit)	423	(941)
Unrestricted liabilities to be funded from next year's operating revenues (refer Note 10)		
- Annual leave and other provisions	1,507	1,506
- General interest bearing liabilities	2,867	2,826
Adjusted unrestricted net current asset surplus/(deficit)	4,797	3,391

Unrestricted net current assets comprise:-

Assets

Cash	476	233
Receivables	5,520	5,225
Inventories	1,949	1,866
Other assets	182	

	8,127	7,474
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Liabilities

Payables	(3,330)	(4,083)
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Unrestricted net current asset surplus/(deficit)	4,797	3,391
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At 30 June 2012 Council had a \$423,000 surplus (2011 – \$941,000 deficit) of net unrestricted current assets. Whilst this result is an improvement of the prior year's deficits, it is minimal and 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. 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.

Note 6 to the financial statements discloses total cash and investments of \$71,276,000 (2011 - \$64,009,000).

Included in this total is an amount of \$58,856,000 (2011 - \$56,561,000) which is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$11,944,000 (2011 - \$7,215,000) 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 \$476,000 (2011 - \$233,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements.

There is no benchmark for the level of unrestricted funds however it is our view that, despite the improvement, the current level of unrestricted funds is below industry experience for Councils of a similar size to Bathurst Regional Council. Indications are that future revenue levels of Council are strong and prudent financial management should enable the unrestricted cash level to be maintained in line with Council demands over the course of 2012-'13. The observed lower level of unrestricted cash compared to other similarly sized Councils reflects this Council's commitment to longer term planning necessitating the restriction of a majority of its funds to known future project priorities.

(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 2.61:1 (2011 – 1.75:1) has risen since 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.

In particular, attention is drawn to Note 13b which emphasises the strength of Council's Water and Sewer funds, and the limited recourses available in Council's general fund.

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 tolerable. At 6.61% (2011 – 6.36%) 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 35.26% (2011 – 37.57%) 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 8.94% (2011 – 9.71%, 2010 – 8.71%) has improved over the prior year. The ratio for the 2011 financial year was primarily the result of delays in sending out of rate notices due to the conversion of Council's computer system during 2009-'10 and changes in personnel within the rates management section during the year. Further active management of these receivables will be required throughout 2012-'13 to ensure this indicator continues to improve.

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 2012 was 30.67 % compared to 34.88% in 2011 and 34.76% in 2010.

(d) Statement of Cash Flows

The Statement of Cash Flows reports a net increase in cash assets held of \$2,952,000 (2011 – decrease of \$3,149,000) in cash inflows (outflows) as follows:

	2012 \$'000	2011 \$'000
Operating activities	19,511	11,391
Investing activities	(16,081)	(18,092)
Financing activities	(478)	3,552
Net increase / (decrease) in cash held	<u>2,952</u>	<u>(3,149)</u>

Cash flows from Operating Activities

The cash inflows from operating activities were significantly higher than the prior year. This was mostly attributable to increased cashflows from grants and contributions, the offsetting expenditure for which will be incurred in the subsequent financial year.

Cash flows from Investing Activities

The net cash outflows from investing activities totalled \$16,081,000 (2011 - \$18,092,000). The major cash outflows related to additions to property, plant and equipment of \$20,196,000 (2011 - \$17,057,000) including \$2,599,000 on motor vehicles and heavy equipment. Council also spent \$7,044,000 on the construction of roads infrastructure. This included approximately \$860,000 on the Bradwardine Road extensions and a further \$610,000 in related works on Suttor Street. Council also spent \$690,000 on road works in Llanarth Estate. This was partially offset by proceeds from the sale of real estate of \$7,816,000 (2011 - \$7,901,000). Council also had net purchases of investments of \$4,378,000 (2011 - \$9,527,000), 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 \$478,000 (2011 - \$3,552,000 inflow). Borrowings of \$2,555,000 (2011 - \$6,235,000) were drawn in the current financial year.

Repayments of \$3,033,000 (2011- \$2,683,000) 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 \$10,859,000 was \$1,505,000 greater than Council's original estimate of \$9,354,000.

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 2012. 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 2012 has been issued.

(b) Management Letters

An interim management letter was issued on 9 May 2012 and 10 July 2012 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.

(d) Modified Auditor's Opinion on Council's General Purpose Financial Report

Council's general purpose financial report was issued subject to a modified auditor's opinion in relation to Council's non-compliance with Australian accounting standard AASB 139 – Financial Instruments: Recognition and Measurement.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Bathurst Regional Council (Council) for the year ended 30 June 2012 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) Subject to the matter referred to in the preceding paragraph (d) in other matters all information relevant to the conduct of the audit has been obtained.


MORSE GROUP

266 Howick Street
Bathurst
Dated: 12 October 2012


LR SMITH
PARTNER

Bathurst Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*"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"*



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Bathurst Regional Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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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 2012

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 26 September 2012.



Monica Morse
MAYOR



Ian North
DEPUTY MAYOR



David Sherley
GENERAL MANAGER



Robert Roach
RESPONSIBLE ACCOUNTING OFFICER

Bathurst Regional Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	2,064	2,450	1,940
User charges	6,751	6,085	7,905
Fees	97	82	80
Interest	524	698	500
Grants and contributions provided for non capital purposes	100	151	116
Profit from the sale of assets	-	-	(1)
Other income	196	107	90
Total income from continuing operations	9,732	9,573	10,630
Expenses from continuing operations			
Employee benefits and on-costs	2,343	1,740	2,342
Borrowing costs	9	29	39
Materials and contracts	3,980	5,010	3,919
Depreciation and impairment	2,560	2,586	2,571
Calculated taxation equivalents	117	107	90
Debt guarantee fee (if applicable)	-	1	2
Other expenses	931	1,577	850
Total expenses from continuing operations	9,940	11,050	9,813
Surplus (deficit) from Continuing Operations before capital amounts	(208)	(1,477)	817
Grants and contributions provided for capital purposes	1,337	1,328	697
Surplus (deficit) from Continuing Operations after capital amounts	1,129	(149)	1,514
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	1,129	(149)	1,514
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(245)
SURPLUS (DEFICIT) AFTER TAX	1,129	(149)	1,269
plus Opening Retained Profits	122,636	122,423	120,817
plus/less: Prior Period Adjustments	-	254	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	117	107	90
- Debt guarantee fees	-	1	2
- Corporate taxation equivalent	-	-	245
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	123,882	122,636	122,423
Return on Capital %	-0.1%	-1.0%	0.6%
Subsidy from Council	5,284	9,179	6,551
Calculation of dividend payable:			
Surplus (deficit) after tax	1,129	(149)	1,269
less: Capital grants and contributions (excluding developer contributions)	(868)	(630)	(216)
Surplus for dividend calculation purposes	261	-	1,053
Potential Dividend calculated from surplus	131	-	526

Bathurst Regional Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	5,828	5,371	5,407
User charges	1,077	1,196	1,138
Liquid Trade Waste charges	566	445	504
Fees	50	44	49
Interest	359	458	321
Grants and contributions provided for non capital purposes	100	100	101
Profit from the sale of assets	-	6	-
Other income	22	-	-
Total income from continuing operations	8,002	7,620	7,520
Expenses from continuing operations			
Employee benefits and on-costs	2,464	1,461	2,139
Borrowing costs	-	3	2
Materials and contracts	3,001	3,851	2,772
Depreciation and impairment	2,096	2,007	1,923
Calculated taxation equivalents	10	35	29
Debt guarantee fee (if applicable)	-	-	-
Other expenses	616	569	406
Total expenses from continuing operations	8,187	7,926	7,271
Surplus (deficit) from Continuing Operations before capital amounts	(185)	(306)	249
Grants and contributions provided for capital purposes	489	762	688
Surplus (deficit) from Continuing Operations after capital amounts	304	456	937
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	304	456	937
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(75)
SURPLUS (DEFICIT) AFTER TAX	304	456	862
plus Opening Retained Profits	70,026	69,457	68,491
plus/less: Prior Period Adjustments	(2)	78	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	10	35	29
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	75
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	70,338	70,026	69,457
Return on Capital %	-0.2%	-0.4%	0.3%
Subsidy from Council	2,763	4,219	3,481
Calculation of dividend payable:			
Surplus (deficit) after tax	304	456	862
less: Capital grants and contributions (excluding developer contributions)	(51)	(67)	(274)
Surplus for dividend calculation purposes	253	389	588
Potential Dividend calculated from surplus	127	195	294

Bathurst Regional Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

Waste

Category 1

\$ '000	Category 1	
	Actual 2012	Actual 2011
Income from continuing operations		
Access charges	3,408	3,213
User charges	-	-
Fees	2,833	2,499
Interest	69	58
Grants and contributions provided for non capital purposes	63	62
Profit from the sale of assets	8	-
Other income	-	78
Total income from continuing operations	6,381	5,910
Expenses from continuing operations		
Employee benefits and on-costs	1,786	1,683
Borrowing costs	143	180
Materials and contracts	2,200	2,228
Depreciation and impairment	448	456
Loss on sale of assets	103	115
Calculated taxation equivalents	55	47
Debt guarantee fee (if applicable)	7	2
Other expenses	32	1,152
Total expenses from continuing operations	4,774	5,863
Surplus (deficit) from Continuing Operations before capital amounts	1,607	47
Grants and contributions provided for capital purposes	-	5
Surplus (deficit) from Continuing Operations after capital amounts	1,607	52
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1,607	52
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(482)	(14)
SURPLUS (DEFICIT) AFTER TAX	1,125	38
plus Opening Retained Profits	10,436	11,214
plus/less: Prior Period Adjustments	-	(879)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	55	47
- Debt guarantee fees	7	2
- Corporate taxation equivalent	482	14
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	12,105	10,436
Return on Capital %	18.6%	2.5%
Subsidy from Council	-	251

Bathurst Regional Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	2,606	3,897
Investments	587	7,562
Receivables	2,300	2,373
Inventories	-	-
Other	-	-
Total Current Assets	5,493	13,832
Non-Current Assets		
Investments	11,000	3,230
Receivables	64	57
Inventories	-	-
Infrastructure, property, plant and equipment	167,811	148,381
Other	-	-
Total non-Current Assets	178,875	151,668
TOTAL ASSETS	184,368	165,500
LIABILITIES		
Current Liabilities		
Payables	92	159
Interest bearing liabilities	-	206
Provisions	409	405
Total Current Liabilities	501	770
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	3	7
Total Non-Current Liabilities	3	7
TOTAL LIABILITIES	504	777
NET ASSETS	183,864	164,723
EQUITY		
Retained earnings	123,882	122,636
Revaluation reserves	59,982	42,087
Council equity interest	183,864	164,723
Minority equity interest	-	-
TOTAL EQUITY	183,864	164,723

Bathurst Regional Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	9,023	9,049
Investments	716	4,951
Receivables	1,138	1,037
Inventories	-	-
Other	1	7
Total Current Assets	10,878	15,044
Non-Current Assets		
Investments	7,000	2,115
Receivables	64	63
Inventories	-	-
Infrastructure, property, plant and equipment	85,095	75,164
Other	-	-
Total non-Current Assets	92,159	77,342
TOTAL ASSETS	103,037	92,386
LIABILITIES		
Current Liabilities		
Payables	80	191
Interest bearing liabilities	-	-
Provisions	448	328
Total Current Liabilities	528	519
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	4	7
Total Non-Current Liabilities	4	7
TOTAL LIABILITIES	532	526
NET ASSETS	102,505	91,860
EQUITY		
Retained earnings	70,338	70,026
Revaluation reserves	32,167	21,834
Council equity interest	102,505	91,860
Minority equity interest	-	-
TOTAL EQUITY	102,505	91,860

Bathurst Regional Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

\$ '000	Waste	
	Category 1	
	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	9,896	8,536
Investments	-	-
Receivables	656	531
Inventories	-	-
Other	-	-
Total Current Assets	10,552	9,067
Non-Current Assets		
Investments	-	-
Receivables	25	21
Inventories	-	-
Infrastructure, property, plant and equipment	9,385	9,173
Total Non-Current Assets	9,410	9,194
TOTAL ASSETS	19,962	18,261
LIABILITIES		
Current Liabilities		
Payables	26	130
Interest bearing liabilities	53	49
Provisions	435	427
Total Current Liabilities	514	606
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	296	349
Provisions	3,774	3,597
Other Liabilities	-	-
Total Non-Current Liabilities	4,070	3,946
TOTAL LIABILITIES	4,584	4,552
NET ASSETS	15,378	13,709
EQUITY		
Retained earnings	12,105	10,436
Revaluation reserves	3,273	3,273
Council equity interest	15,378	13,709
Minority equity interest	-	-
TOTAL EQUITY	15,378	13,709

Bathurst Regional Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Bathurst Regional Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies

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

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

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

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

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

Category 1

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

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).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Bathurst Regional Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

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

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

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

Bathurst Regional Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.03% at 30 June 2012.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Bathurst Regional Council

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

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2012

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	117,000
(ii)	No of assessments multiplied by \$3/assessment	43,116
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	43,116
(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]	130,500
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	388,044
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	534,900

2012 Surplus	261,000	2011 Surplus	(779,000)	2010 Surplus	1,052,900
		2011 Dividend	-	2010 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	130,500
(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 2012

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

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

2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	9,844
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)]	%	70.64%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	150,994
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	6,444
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	4,095
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)]	%	0.50%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	782

- 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 2012

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2012

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	10,000
(ii)	No of assessments multiplied by \$3/assessment	41,499
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	10,000
(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]	126,500
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	404,990
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	1,230,300

2012 Surplus	253,000	2011 Surplus	389,000	2010 Surplus	588,300
		2011 Dividend	-	2010 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	126,500
(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 2012

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	8,207
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	83,872
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	6,081
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,644
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)]	%	0.04%
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	18,051
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.11%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	5,739
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)]	%	0.34%
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 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2012

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-10.80%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	778
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	200

- 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 for the year ended 30 June 2012, 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 [Council] for the year ended 30 June 2012 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.


MORSE GROUP

266 Howick Street
Bathurst
Dated: 12 October 2012


LR SMITH
PARTNER

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Bathurst Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2012

*"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"*



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Bathurst Regional Council

Special Schedules

for the financial year ended 30 June 2012

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Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
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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 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	1,608	-	-	(1,608)
Administration	13,338	1,852	-	(11,486)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	761	345	71	(345)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	170	271	-	101
Animal Control	331	67	-	(264)
Other	-	-	-	-
Total Public Order & Safety	1,262	683	71	(508)
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	188	-	-	(188)
Other Environmental Protection	1,346	636	-	(710)
Solid Waste Management	3,312	5,152	-	1,840
Street Cleaning	236	-	-	(236)
Drainage	1,250	1,620	214	584
Stormwater Management	1,743	-	1,176	(567)
Total Environment	8,075	7,408	1,390	723
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	2,976	2,976	34	34
Total Community Services & Education	2,976	2,976	34	34
Housing and Community Amenities				
Public Cemeteries	200	197	-	(3)
Public Conveniences	166	-	-	(166)
Street Lighting	1,023	106	-	(917)
Town Planning	1,071	731	-	(340)
Other Community Amenities	8	27	-	19
Total Housing and Community Amenities	2,468	1,061	-	(1,407)
Water Supplies	6,584	8,997	1,337	3,750
Sewerage Services	5,887	7,850	489	2,452

Bathurst Regional Council

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

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,257	192	-	(1,065)
Museums	1,130	531	-	(599)
Art Galleries	873	112	21	(740)
Community Centres and Halls	504	67	-	(437)
Performing Arts Venues	1,650	922	-	(728)
Other Performing Arts	-	-	-	-
Other Cultural Services	689	7	-	(682)
Sporting Grounds and Venues	558	54	158	(346)
Swimming Pools	751	-	-	(751)
Parks & Gardens (Lakes)	3,415	113	483	(2,819)
Other Sport and Recreation	2,855	2,490	200	(165)
Total Recreation and Culture	13,682	4,488	862	(8,332)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,268	834	-	(434)
Other Mining, Manufacturing & Construction	4	-	-	(4)
Total Mining, Manufacturing and Const.	1,272	834	-	(438)
Transport and Communication				
Urban Roads (UR) - Local	6,712	1,113	645	(4,954)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	4,387	-	-	(4,387)
Sealed Rural Roads (SRR) - Regional	82	5,304	-	5,222
Unsealed Rural Roads (URR) - Local	451	-	-	(451)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	19	-	-	(19)
Bridges on SRR - Local	34	-	-	(34)
Bridges on URR - Local	8	-	-	(8)
Bridges on Regional Roads	-	-	-	-
Parking Areas	26	-	-	(26)
Footpaths	956	-	131	(825)
Aerodromes	314	362	-	48
Other Transport & Communication	2,008	479	-	(1,529)
Total Transport and Communication	14,997	7,258	776	(6,963)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	2,284	8,691	-	6,407
Total Economic Affairs	2,284	8,691	-	6,407
Totals – Functions	74,433	52,098	4,959	(17,376)
General Purpose Revenues⁽²⁾		28,235		28,235
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	74,433	80,333	4,959	10,859

(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)

Bathurst Regional Council

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

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	3,032	22,362	25,394	2,555	3,033	-	-	1,790	2,867	22,049	24,916
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	3,032	22,362	25,394	2,555	3,033	-	-	1,790	2,867	22,049	24,916
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	3,032	22,362	25,394	2,555	3,033	-	-	1,790	2,867	22,049	24,916

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 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	1,715	1,816
b. Engineering and Supervision	172	252
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	373	386
b. Maintenance expenses	90	77
- Mains		
c. Operation expenses	1,164	1,080
d. Maintenance expenses	991	924
- Reservoirs		
e. Operation expenses	12	10
f. Maintenance expenses	62	76
- Pumping Stations		
g. Operation expenses (excluding energy costs)	10	3
h. Energy costs	146	132
i. Maintenance expenses	27	11
- Treatment		
j. Operation expenses (excluding chemical costs)	790	789
k. Chemical costs	482	679
l. Maintenance expenses	273	326
- Other		
m. Operation expenses	66	76
n. Maintenance expenses	71	43
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	2,462	2,419
b. Plant and equipment	98	167
4. Miscellaneous expenses		
a. Interest expenses	9	29
b. Revaluation Decrements	-	739
c. Other expenses	810	908
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	9,823	10,942

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 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges		
a. Access (including rates)	1,490	2,012
b. Usage charges	3,585	3,520
7. Non-residential charges		
a. Access (including rates)	574	547
b. Usage charges	3,166	2,456
8. Extra charges	81	59
9. Interest income	443	639
10. Other income	293	189
11. Grants		
a. Grants for acquisition of assets	782	310
b. Grants for pensioner rebates	100	107
c. Other grants	-	44
12. Contributions		
a. Developer charges	469	699
b. Developer provided assets	86	319
c. Other contributions	-	-
13. Total income	11,069	10,901
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	1,246	(41)
15a. Operating Result (less grants for acquisition of assets)	464	(351)

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 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,380	620
c. Renewals	671	1,179
d. Plant and equipment	44	19
17. Repayment of debt		
a. Loans	9	280
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	4,104	2,098
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)	12,347	12,241
b. Residential (unoccupied, ie. vacant lot)	491	490
c. Non-residential (occupied)	1,324	1,321
d. Non-residential (unoccupied, ie. vacant lot)	210	212
25. Number of ETs for which developer charges were received	138 ET	333 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 100,478	\$ 107,462

Bathurst Regional Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b + 27c + 27d + 28b)			<input type="text" value="-"/>

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

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

Bathurst Regional Council

Special Schedule No. 4 - Water Supply Balance Sheet

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	587	11,000	11,587
b. Special purpose grants	7	-	7
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,599	-	2,599
31. Receivables			
a. Specific purpose grants	25	-	25
b. Rates and Availability Charges	772	64	836
c. Other (including User Charges)	1,503	-	1,503
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	150,994	150,994
b. Plant and equipment	-	16,817	16,817
34. Other assets	-	-	-
35. Total assets	5,493	178,875	184,368
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	92	-	92
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	409	3	412
40. Total liabilities	501	3	504
41. NET ASSETS COMMITTED	4,992	178,872	183,864
EQUITY			
42. Accumulated surplus			123,882
43. Asset revaluation reserve			59,982
44. TOTAL EQUITY			183,864
Note to system assets:			
45. Current replacement cost of system assets			264,831
46. Accumulated current cost depreciation of system assets			(113,837)
47. Written down current cost of system assets			150,994

Bathurst Regional Council

Special Schedule No. 5 - Sewerage Income Statement

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

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	2,069	1,347
b. Engineering and Supervision	168	145
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	632	1,248
b. Maintenance expenses	446	780
- Pumping Stations		
c. Operation expenses (excluding energy costs)	145	187
d. Energy costs	54	58
e. Maintenance expenses	85	27
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,308	827
g. Chemical costs	-	2
h. Energy costs	558	481
i. Effluent Management	-	-
j. Biosolids Management	35	228
k. Maintenance expenses	581	551
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	2,074	1,982
b. Plant and equipment	22	25
4. Miscellaneous expenses		
a. Interest expenses	-	2
b. Revaluation Decrements	-	-
c. Other expenses	-	1
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	8,177	7,891

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 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	4,835	4,523
7. Non-residential charges		
a. Access (including rates)	993	939
b. Usage charges	1,077	1,022
8. Trade Waste Charges		
a. Annual Fees	31	25
b. Usage charges	535	482
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	75	53
10. Interest income	284	405
11. Other income	72	71
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	100	100
c. Other grants	-	-
13. Contributions		
a. Developer charges	438	695
b. Developer provided assets	51	67
c. Other contributions	-	-
14. Total income	8,491	8,382
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	314	491
16a. Operating Result (less grants for acquisition of assets)	314	491

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 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,070	236
c. Renewals	564	1,333
d. Plant and equipment	10	29
18. Repayment of debt		
a. Loans	-	36
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	1,644	1,634
Non-operating funds employed		
21. Proceeds from disposal of assets	-	13
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	13
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	12,022	11,916
b. Residential (unoccupied, ie. vacant lot)	280	401
c. Non-residential (occupied)	1,321	1,321
d. Non-residential (unoccupied, ie. vacant lot)	210	212
26. Number of ETs for which developer charges were received	144 ET	334 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 100,191	\$ 100,045

Bathurst Regional Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?			
<input type="checkbox"/>			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" 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 Balance Sheet

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	716	7,000	7,716
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	9,023	-	9,023
32. Receivables			
a. Specific purpose grants	2	-	2
b. Rates and Availability Charges	777	64	841
c. Other (including User Charges)	360	-	360
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	83,872	83,872
b. Plant and equipment	-	1,223	1,223
35. Other assets	-	-	-
36. Total Assets	10,878	92,159	103,037
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	80	-	80
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	448	4	452
41. Total Liabilities	528	4	532
42. NET ASSETS COMMITTED	10,350	92,155	102,505
EQUITY			
42. Accumulated surplus			70,338
44. Asset revaluation reserve			32,167
45. TOTAL EQUITY			102,505
Note to system assets:			
46. Current replacement cost of system assets			174,721
47. Accumulated current cost depreciation of system assets			(90,849)
48. Written down current cost of system assets			83,872

Bathurst Regional Council

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

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

as at 30 June 2012

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	
Buildings		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>								
	Council Offices	1.00%	89	-	8,887	2,771	6,116	2	-	28	80	
	Council Works Depot	1.00%	51	-	5,125	1,115	4,010	2	58	11	34	
	Council Halls	1.00%	154	-	15,467	3,119	12,348	2	25	31	6	
	Rental Buildings	1.00%	27	-	2,507	523	1,984	2	21	5	52	
	Museum	1.00%	46	-	4,614	431	4,183	1	-	4	177	
	Library / Art Gallery	1.00%	83	-	8,307	2,107	6,200	2	-	21	26	
	Childcare Centre(s)	1.00%	10	-	1,292	294	998	2	-	8	19	
	Amenities / Toilets	1.00%	13	-	1,273	228	1,045	2	-	2	13	
	Other Sport & Rec	1.00%	390	-	41,512	6,181	35,331	1	29	62	121	
	Sporting Grounds	1.00%	111	-	11,370	2,043	9,327	2	-	20	50	
	Visitors Information Centre	1.00%	18	-	1,834	219	1,615	1	-	2	28	
	Other Buildings	1.00%	143	-	17,252	2,877	14,375	2	-	24	77	
	Aquatic Centre	1.00%	118	-	11,758	589	11,169	1	-	6	33	
	sub total			1,253	-	131,198	22,497	108,701		134	224	716
	Other Structures	Assets not included in Buildings		455	-	16,972	4,074	12,898	2	-	41	230
sub total			455	-	16,972	4,074	12,898		-	41	230	
Public Roads	Unsealed Roads	1 - 2%	-	-	3,470	-	3,470	3	4,648	520	451	
	Sealed Rural Roads	1 - 2%	3,723	-	235,177	56,497	178,680	2	5,238	1,249	664	
	Urban Roads	1 - 2%	1,815	-	108,075	28,239	79,836	2	9,375	940	1,740	
	Bridges & Culverts	1.25%	632	-	42,709	19,177	23,532	3	1,221	87	62	
	Footpaths	2.00%	93	-	10,151	4,171	5,980	3	735	56	230	
	Parking Areas	1 - 2%	-	-	61	-	61	1	28	553	26	
	Bus Shelters	1 - 2%	-	-	-	-	-	3	34	5	-	
	Aerodrome	1 - 2%	-	-	-	-	-	4	1,921	117	73	
	sub total			6,263	-	399,643	108,084	291,559		23,200	3,527	3,246

as at 30 June 2012

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%	356	-	28,623	17,154	11,469	3	4,321	214	273
	Reservoirs	1.00%	195	-	22,396	10,226	12,170	3	1,954	128	62
	Dams	1.00%	946	-	97,760	32,016	65,744	3	2,615	320	90
	Hydrants / Valves / Pipelines	1.00%	941	-	113,300	52,577	60,723	3	13,082	657	1,061
	Pump Station	1.00%	24	-	2,752	1,864	888	3	608	37	27
	sub total		2,462	-	264,831	113,837	150,994		22,580	1,356	1,513
Sewerage											
	Pump Stations	1.00%	79	-	9,158	3,597	5,561	3	603	36	85
	Pipes & Mains	1.00%	1,545	-	131,642	74,985	56,657	3	16,238	660	446
	Treatment Works	1.00%	450	-	33,921	12,267	21,654	3	6,068	213	581
	sub total		2,074	-	174,721	90,849	83,872		22,909	909	1,112
Drainage Works											
	All Drainage Structures	1.00%	843	-	94,183	31,220	62,963	2	505	182	407
	sub total		843	-	94,183	31,220	62,963		505	182	407
	TOTAL - ALL ASSETS		13,350	-	1,081,548	370,561	710,987		69,328	6,239	7,224

- (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 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	85,292	80,749	79,110	81,708	84,326
Expenses from continuing operations	74,433	78,550	78,211	81,400	85,216
Operating Result from Continuing Operations	10,859	2,199	899	308	(890)
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	8,687	9,180	5,133	5,478	5,397
Replacement/Refurbishment of Existing Assets	13,372	9,975	11,652	13,017	12,344
Total Capital Budget	22,059	19,155	16,785	18,495	17,741
Funded by:					
– Loans	1,595	-	-	-	-
– Asset sales	-	-	-	-	-
– Reserves	9,175	9,992	10,048	11,353	10,673
– Grants/Contributions	5,885	6,676	4,272	4,525	4,495
– Recurrent revenue	5,404	2,487	2,465	2,617	2,573
– Other	-	-	-	-	-
	22,059	19,155	16,785	18,495	17,741

Notes:

(1) From 11/12 Income Statement.

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

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

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

