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**From:** Ngaire McCrindle  
**Sent:** Wednesday, 22 January 2014 3:37 PM  
**To:** GPSC3  
**Cc:** Karen Cash; Council  
**Subject:** FW: Answers to questions on notice - Inquiry into tourism in local communities  
**Attachments:** Bombala Council - Financial Statements - 2012-13.pdf

Dear Emma

Council's Annual Financial Statements for 2012/13 show a total infrastructure backlog of \$15,750,000, including water and sewerage funds, which is detailed in Special Schedule 7 of the Statements (see page 125 of the 128 pages attached). In the notes to the Financial Statements on page 51, Note 13(a) the figures and the ratio are delineated. Council's total value of Infrastructure, building, other structures and depreciable land improvement assets is \$87,961,000 and the ratio of these figures is 0.18.

I include a copy of our Annual Financial Statements for your information. If you have any further queries please contact the undersigned.

Regards

Ngaire McCrindle  
**General Manager**  
***Bombala Council***

*71 Caveat Street (P O Box 105)*  
*Bombala NSW 2632*

*Fax: 02 6458 3777*

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# Bombala Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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*"Bombala Council Area - retaining visual beauty  
whilst embracing a quiet relaxed lifestyle and a  
progressive diversified community".*



# Bombala Council

## General Purpose Financial Statements

for the financial year ended 30 June 2013

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### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Bombala Council.

(ii) Bombala Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 28 November 2013. Council has the power to amend and reissue these financial statements.

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## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

#### 4. The Statement of Changes in Equity

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

#### 5. The Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements ?

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

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

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

## Bombala Council

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

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

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



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

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

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

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

**Signed in accordance with a resolution of Council made on 16 October 2013.**

  
\_\_\_\_\_  
Bob Stewart  
**MAYOR**  
\_\_\_\_\_  
Brad Yelup  
**COUNCILLOR**  
\_\_\_\_\_  
Ngaire McCrindle  
**GENERAL MANAGER**  
\_\_\_\_\_  
Jacqueline Chadwick  
**RESPONSIBLE ACCOUNTING OFFICER**

## Bombala Council

## Income Statement

for the financial year ended 30 June 2013

Budget 2013	(1) \$ '000	Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
Revenue:				
3,163	Rates & Annual Charges	3a	3,152	3,041
1,248	User Charges & Fees	3b	4,749	1,653
290	Interest & Investment Revenue	3c	498	648
157	Other Revenues	3d	433	218
3,552	Grants & Contributions provided for Operating Purposes	3e,f	3,222	3,759
1,130	Grants & Contributions provided for Capital Purposes	3e,f	2,416	589
Other Income:				
-	Net gains from the disposal of assets	5	-	47
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
9,540	Total Income from Continuing Operations		14,470	9,955
Expenses from Continuing Operations				
3,436	Employee Benefits & On-Costs	4a	3,291	3,409
-	Borrowing Costs	4b	9	33
2,779	Materials & Contracts	4c	6,561	3,870
1,584	Depreciation & Amortisation	4d	2,659	2,189
-	Impairment	4d	-	-
660	Other Expenses	4e	926	810
-	Net Losses from the Disposal of Assets	5	9	-
8,459	Total Expenses from Continuing Operations		13,455	10,311
1,081	Operating Result from Continuing Operations		1,015	(356)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
1,081	Net Operating Result for the Year		1,015	(356)
1,081	Net Operating Result attributable to Council		1,015	(356)
-	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(49)			(1,401)	(945)

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

## Bombala Council

# Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>1,015</b>	<b>(356)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	1,037	10,617
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>1,037</b>	<b>10,617</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>1,037</b>	<b>10,617</b>
<b>Total Comprehensive Income for the Year</b>		<b>2,052</b>	<b>10,261</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>2,052</b>	<b>10,261</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Bombala Council

Statement of Financial Position  
as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	10,424	7,590
Investments	6b	-	3,636
Receivables	7	2,088	2,104
Inventories	8	318	327
Other	8	160	-
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>12,990</b>	<b>13,657</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	142,642	140,021
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>142,642</b>	<b>140,021</b>
<b>TOTAL ASSETS</b>		<b>155,632</b>	<b>153,678</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	669	560
Borrowings	10	-	56
Provisions	10	881	994
<b>Total Current Liabilities</b>		<b>1,550</b>	<b>1,610</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	-	64
Provisions	10	317	291
<b>Total Non-Current Liabilities</b>		<b>317</b>	<b>355</b>
<b>TOTAL LIABILITIES</b>		<b>1,867</b>	<b>1,965</b>
<b>Net Assets</b>		<b>153,765</b>	<b>151,713</b>
<b>EQUITY</b>			
Retained Earnings	20	130,005	128,990
Revaluation Reserves	20	23,760	22,723
Council Equity Interest		153,765	151,713
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>153,765</b>	<b>151,713</b>



## Bombala Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		128,990	22,723	<b>151,713</b>	-	<b>151,713</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>128,990</b>	<b>22,723</b>	<b>151,713</b>	-	<b>151,713</b>
<b>c. Net Operating Result for the Year</b>		<b>1,015</b>	-	<b>1,015</b>	-	<b>1,015</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,037	<b>1,037</b>	-	<b>1,037</b>
- 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)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>1,037</b>	<b>1,037</b>	-	<b>1,037</b>
<b>Total Comprehensive Income</b> (c&d)		<b>1,015</b>	<b>1,037</b>	<b>2,052</b>	-	<b>2,052</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>130,005</b>	<b>23,760</b>	<b>153,765</b>	-	<b>153,765</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		129,346	12,106	<b>141,452</b>	-	<b>141,452</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>129,346</b>	<b>12,106</b>	<b>141,452</b>	-	<b>141,452</b>
<b>c. Net Operating Result for the Year</b>		<b>(356)</b>	-	<b>(356)</b>	-	<b>(356)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,617	<b>10,617</b>	-	<b>10,617</b>
- 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)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>10,617</b>	<b>10,617</b>	-	<b>10,617</b>
<b>Total Comprehensive Income</b> (c&d)		<b>(356)</b>	<b>10,617</b>	<b>10,261</b>	-	<b>10,261</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>128,990</b>	<b>22,723</b>	<b>151,713</b>	-	<b>151,713</b>

## Bombala Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
3,163	Rates & Annual Charges		3,012	3,127
1,248	User Charges & Fees		4,422	2,290
290	Investment & Interest Revenue Received		552	565
3,552	Grants & Contributions		5,942	5,230
-	Bonds, Deposits & Retention amounts received		-	5
157	Other		598	536
<b>Payments:</b>				
(3,436)	Employee Benefits & On-Costs		(3,321)	(3,254)
(2,779)	Materials & Contracts		(6,461)	(4,390)
-	Borrowing Costs		-	(25)
-	Bonds, Deposits & Retention amounts refunded		(10)	(10)
(660)	Other		(1,164)	(770)
<b>1,535</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>3,570</b>	<b>3,304</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		3,636	2,212
243	Sale of Infrastructure, Property, Plant & Equipment		125	279
<b>Payments:</b>				
(3,499)	Purchase of Infrastructure, Property, Plant & Equipment		(4,377)	(2,237)
<b>(3,256)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(616)</b>	<b>254</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(14)	Repayment of Borrowings & Advances		(120)	(123)
<b>(14)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(120)</b>	<b>(123)</b>
<b>(1,735)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>2,834</b>	<b>3,435</b>
4,155	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	7,590	4,155
<b>2,420</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>10,424</b>	<b>7,590</b>
Additional Information:				
plus:	<b>Investments on hand - end of year</b>	6b	-	3,636
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>10,424</b>	<b>11,226</b>

Please refer to Note 11 for information on the following:

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

###### (iii) New and amended standards adopted by Council

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

###### (iv) Early adoption of Accounting Standards

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

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

###### (v) Basis of Accounting

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

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

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

###### (vi) Changes in Accounting Policies

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

### (vii) Critical Accounting Estimates

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

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

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

### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

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

### **Critical judgements in applying the entity's accounting policies**

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

### (b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

### **Rates, Annual Charges, Grants and Contributions**

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

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

A provision for the impairment on rates receivables has 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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

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

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

#### (c) Principles of Consolidation

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

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

#### (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
- Water Supply
- Sewerage Service
- HACC

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

- Bibbenluke Show and Sports Grounds
- Bombala Exhibition Ground
- Bombala Racecourse



## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

- Cathcart School of Arts
- Craigie Hall
- Delegate Early Settlers Hut
- Delegate Preschool
- Delegate School of Arts
- Delegate Hall
- Delegate Sportsground
- Bombala & Mila Tennis Clubs
- Bungarby Hall
- Ando Tennis Club
- Bombala Railway Land
- Bombala Cemetery Committee

#### (ii) The Trust Fund

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

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

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

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

#### (iii) Joint Ventures

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

#### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

#### (v) County Councils

Council is not a member of any County Councils.

#### (d) Leases

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

#### Finance Leases

Council did not have any finance leases at year end.

#### 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.

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### (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 and 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.



## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

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

### General Accounting & Measurement of Financial Instruments:

#### (i) Initial Recognition

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

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

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

#### (ii) Subsequent Measurement

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

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**"

category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

### Impairment

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

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

#### (iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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##### **(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.

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

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

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

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

##### **(i) Inventories**

##### **Raw Materials and Stores, Work in Progress and Finished Goods**

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

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

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

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

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

#### Acquisition of assets

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

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

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

- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Valuer-General)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

#### Initial Recognition

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

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

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

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

#### Subsequent costs

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

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### Asset Revaluations (including Indexation)

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

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

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

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

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

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

### Capitalisation Thresholds

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

#### Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

#### Plant & Equipment

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

### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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#### Building

- weather board	> \$5,000
- other	> \$5,000
Other Structures	> \$2,000

### Water & Sewer Assets

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

### Stormwater Assets

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

### Transport Assets

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

Bridge construction & reconstruction	> \$10,000
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### Depreciation

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

Land is not depreciated.

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

#### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 7 years
- Heavy Plant/Road Making equip.	5 to 15 years
- Other plant and equipment	5 to 15 years

#### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	5 to 15 years

### Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	30 to 50 years

### Stormwater Drainage

- Drains	50 to 100 years
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## Bombala Council

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

#### Note 1. Summary of Significant Accounting Policies

- Culverts	50 to 80 years
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This classification of Land is disclosed in Note 9(a).

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#### Transportation Assets

- Sealed Roads : Pavement	10 to 20 years
- Sealed Roads : Structure	30 to 100 years
- Unsealed roads Structure	30 to 100 years
- Earthworks	not depreciated
- Bridge : Concrete	60 to 100 years
- Bridge : Other	25 to 60 years
- Kerb, Gutter & Paths	50 to 100 years

#### (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.

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#### Water & Sewer Assets

- Dams and reservoirs	70 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	80 years
- Pumps and telemetry	15 to 50 years

#### (m) Intangible Assets

Council has not classified any assets as Intangible.

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

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

#### Disposal and De-recognition

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

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

#### (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.

#### (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.

#### (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



## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

*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 exclude the assets, their values and depreciation charges from these financial statements.

#### **(p) Investment property**

Council has no investment properties.

#### **(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.

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.

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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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**

Council did not have any Non-Current Assets (or Disposal Groups) "Held for Sale" at year end and no discontinued operations.

##### **(s) Impairment of assets**

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

##### **(t) Payables**

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

##### **(u) Borrowings**

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

Borrowings are subsequently measured at amortised cost.

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

Borrowings are removed from the 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.

##### **(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;

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

- 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.

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



## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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.

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on the 20<sup>th</sup> February 2013 and covers the period ending 30 June 2013. The position is monitored annually and the Actuary has estimated that as at 30<sup>th</sup> June a deficit exists. Council's portion of the deficit is in the order of \$278,430 as at 30 June 2013

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).

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

#### Defined Contribution Plans

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

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/13.

#### (y) Self insurance

Council does not self insure.

#### (z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

#### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

#### (aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### 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.

### (ab) New accounting standards and UIG interpretations

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

**Council has not adopted any of these standards early.**

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

### Applicable to Local Government with implications:

**AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to**

**Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures** (effective from 1 January 2015)

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

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

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

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

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

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

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

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

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

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

#### **Applicable to Local Government but no implications for Council;**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

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

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

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

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

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

The amendments will have to be implemented retrospectively.

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

#### **Not applicable to Local Government per se;**

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

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

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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AASB 116 - clarifies the classification of servicing equipment.

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

AASB 134 - provides clarification about segment reporting.

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

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

##### (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.



## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	4	353	306	238	(353)	(306)	(234)	-	-	-	130
Administration	76	485	717	2,038	2,456	1,702	(1,962)	(1,971)	(985)	11	32	16,162	7,485
Public Order & Safety	992	797	267	460	433	445	532	364	(178)	790	258	713	149
Health	5	3	-	9	4	-	(4)	(1)	-	-	-	-	-
Environment	382	389	369	439	453	436	(57)	(64)	(67)	62	48	771	595
Community Services & Education	420	522	80	427	447	221	(7)	75	(141)	378	-	737	320
Housing & Community Amenities	141	203	157	400	484	525	(259)	(281)	(368)	45	3	2,155	2,978
Water Supplies	565	641	630	527	712	544	38	(71)	86	10	10	11,355	13,266
Sewerage Services	429	481	482	427	599	372	2	(118)	110	9	9	13,415	15,161
Recreation & Culture	518	384	564	387	591	767	131	(207)	(203)	322	480	3,756	6,054
Mining, Manufacturing & Construction	25	156	-	25	56	-	-	100	-	-	-	254	673
Transport & Communication	1,304	2,570	2,142	1,884	2,951	4,847	(580)	(381)	(2,705)	1,355	678	104,670	106,648
Economic Affairs	678	3,832	98	1,083	3,963	214	(405)	(131)	(116)	4	85	1,644	219
<b>Total Functions &amp; Activities</b>	<b>5,535</b>	<b>10,463</b>	<b>5,510</b>	<b>8,459</b>	<b>13,455</b>	<b>10,311</b>	<b>(2,924)</b>	<b>(2,992)</b>	<b>(4,801)</b>	<b>2,986</b>	<b>1,603</b>	<b>155,632</b>	<b>153,678</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	4,005	4,007	4,445	-	-	-	4,005	4,007	4,445	1,711	2,151	-	-
<b>Operating Result from Continuing Operations</b>	<b>9,540</b>	<b>14,470</b>	<b>9,955</b>	<b>8,459</b>	<b>13,455</b>	<b>10,311</b>	<b>1,081</b>	<b>1,015</b>	<b>(356)</b>	<b>4,697</b>	<b>3,754</b>	<b>155,632</b>	<b>153,678</b>

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

## Bombala Council

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

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

##### **PUBLIC ORDER & SAFETY**

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

##### **COMMUNITY SERVICES & EDUCATION**

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

##### **HOUSING & COMMUNITY AMENITIES**

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

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

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

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

##### **ECONOMIC AFFAIRS**

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

## Bombala Council

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

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		562	546
Farmland		1,341	1,293
Business		137	139
<b>Total Ordinary Rates</b>		<b>2,040</b>	<b>1,978</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		249	239
Water Supply Services		424	407
Sewerage Services		388	370
Waste Management Services (non-domestic)		51	47
<b>Total Annual Charges</b>		<b>1,112</b>	<b>1,063</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>3,152</u></b>	<b><u>3,041</u></b>

Council has used 2010 year valuations provided by the NSW Valuer General in calculating its rates.



## Bombala Council

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

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		110	93
Sewerage Services		1	8
Waste Management Services (non-domestic)		18	17
<b>Total User Charges</b>		<b>129</b>	<b>118</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		65	82
Private Works - Section 67		398	1,090
Regulatory/ Statutory Fees		1	-
Regulatory Fees		6	-
Section 149 Certificates (EPA Act)		1	-
Section 603 Certificates		5	-
Town Planning		2	-
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>478</b>	<b>1,172</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aged Care		46	50
Caravan Park		72	80
Cemeteries		55	19
Community Centres		20	-
Leaseback Fees - Council Vehicles		9	-
RMS (formerly RTA) Charges (State Roads not controlled by Council)		2,813	171
Saleyards		6	5
Sundry Sales		1	-
Swimming Centres		18	15
Tourism		18	-
Private Works - RDAF/Timber Precinct Project		1,083	-
Other		1	23
<b>Total Fees &amp; Charges - Other</b>		<b>4,142</b>	<b>363</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>4,749</b>	<b>1,653</b>

## Bombala Council

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

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		32	45
- Interest earned on Investments (interest & coupon payment income)		466	603
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>498</u></b>	<b><u>648</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		32	45
General Council Cash & Investments		224	316
<b>Restricted Investments/Funds - External:</b>			
Water Fund Operations		93	110
Sewerage Fund Operations		81	90
HACC		13	14
Snowy River Way		55	73
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>498</u></b>	<b><u>648</u></b>
<b>(d) Other Revenues</b>			
Legal Fees Recovery - Rates & Charges (Extra Charges)		7	-
Legal Fees Recovery - Other		-	19
Commissions & Agency Fees		60	56
Diesel Rebate		102	-
Insurance Claim Recoveries		61	30
Other Property Revenue		24	58
Quarry Sales		156	34
Recycling Income (non domestic)		6	6
Sales - General		5	7
Other		12	8
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>433</u></b>	<b><u>218</u></b>

## Bombala Council

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

#### Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,051	1,320	-	-
Financial Assistance - Local Roads Component	633	804	-	-
Pensioners' Rates Subsidies - General Component	27	27	-	-
<b>Total General Purpose</b>	<b>1,711</b>	<b>2,151</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	10	10	-	-
- Sewerage	9	9	-	-
- Domestic Waste Management	11	11	-	-
Bushfire & Emergency Services	191	258	-	-
Community Care	369	276	-	-
Economic Development	-	85	-	-
Employment & Training Programs	11	-	-	-
Environmental Protection	13	-	-	-
Flood Restoration	69	-	-	-
Library	31	22	-	-
Noxious Weeds	38	37	-	-
NSW Rural Fire Services	-	-	599	-
Public Halls	6	-	-	-
Recreation & Culture	11	-	285	182
Street Lighting	3	3	-	-
Transport (Roads to Recovery)	-	279	-	-
Transport (Other Roads & Bridges Funding)	-	-	1,286	399
Planning	42	-	-	-
Other	2	29	-	3
<b>Total Specific Purpose</b>	<b>816</b>	<b>1,019</b>	<b>2,170</b>	<b>584</b>
<b>Total Grants</b>	<b>2,527</b>	<b>3,170</b>	<b>2,170</b>	<b>584</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	1,965	1,814	1,546	182
- State Funding	552	1,353	624	402
- Other Funding	10	3	-	-
	<b>2,527</b>	<b>3,170</b>	<b>2,170</b>	<b>584</b>

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000		2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>					
<b>Developer Contributions:</b>					
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>					
S 94A - Fixed Development Consent Levies		-	-	18	-
S 64 - Water Supply Contributions		-	-	1	3
S 64 - Sewerage Service Contributions		-	-	2	2
<b>Total Developer Contributions</b>	17	-	-	<b>21</b>	<b>5</b>
<b>Other Contributions:</b>					
Recreation & Culture		-	-	22	-
Roads & Bridges		-	-	203	-
RMS Contributions (Regional Roads, Block Grant)		695	589	-	-
<b>Total Other Contributions</b>		<b>695</b>	<b>589</b>	<b>225</b>	<b>-</b>
<b>Total Contributions</b>		<b>695</b>	<b>589</b>	<b>246</b>	<b>5</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>		<b>3,222</b>	<b>3,759</b>	<b>2,416</b>	<b>589</b>

\$ '000		Actual 2013	Actual 2012
<b>(g) Restrictions relating to Grants and Contributions</b>			
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>			
Unexpended at the Close of the Previous Reporting Period		302	2,402
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:		188	179
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:		(302)	(2,279)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>		<b>(114)</b>	<b>(2,100)</b>
<b>Unexpended and held as Restricted Assets</b>		<b>188</b>	<b>302</b>
<b>Comprising:</b>			
- Specific Purpose Unexpended Grants		101	236
- Developer Contributions		87	66
		<b>188</b>	<b>302</b>

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		2,560	2,364
Travelling		6	10
Employee Leave Entitlements (ELE)		351	639
Superannuation		339	315
Workers' Compensation Insurance		91	144
Fringe Benefit Tax (FBT)		22	-
Training Costs (other than Salaries & Wages)		50	48
Protective Clothing		15	-
Other		23	6
<b>Total Employee Costs</b>		<b>3,457</b>	<b>3,526</b>
less: Capitalised Costs		(166)	(117)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>3,291</b>	<b>3,409</b>
Number of "Equivalent Full Time" Employees at year end		46	47
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		46	49
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		-	25
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>-</b>	<b>25</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	9	8
<b>Total Other Borrowing Costs</b>		<b>9</b>	<b>8</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>9</b>	<b>33</b>

## Bombala Council

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

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		3,774	3,639
Contractor & Consultancy Costs			
- Agency Staff		143	-
- Open Space Maintenance		-	32
- Planning Consultant		17	-
- Waste Collection		49	91
- RDAF/Timber Precinct Project		854	-
- RMS SH19 RMCC & Parsonage Creek Project		1,667	-
- Contractor & Consultancy Costs		4	26
Auditors Remuneration <sup>(1)</sup>		24	24
Legal Expenses:			
- Legal Expenses: Other		19	47
Operating Leases:			
- Operating Lease Rentals: Sub Lease Payments <sup>(2)</sup>		10	11
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>6,561</u></b>	<b><u>3,870</u></b>

#### 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	24	24
<b>Remuneration for audit and other assurance services</b>	<b>24</b>	<b>24</b>
<b>Total Auditor Remuneration</b>	<b>24</b>	<b>24</b>

#### 2. Operating Lease Payments are attributable to:

Other	10	11
	<b>10</b>	<b>11</b>

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	474	358
Office Equipment		-	-	-	1
Buildings - Non Specialised		-	-	63	30
Buildings - Specialised		-	-	114	147
Other Structures		-	-	19	16
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	1,340	1,318
- Stormwater Drainage		-	-	24	24
- Water Supply Network		-	-	265	143
- Sewerage Network		-	-	349	152
- Other Infrastructure		-	-	2	-
Asset Reinstatement Costs	9 & 26	-	-	9	-
<u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u>		-	-	2,659	2,189

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		15	-
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		12	-
- NSW Fire Brigade Levy		21	22
- NSW Rural Fire Service Levy		198	208
Councillor Expenses - Mayoral Fee		18	18
Councillor Expenses - Councillors' Fees		62	68
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		10	6
Donations, Contributions & Assistance to other organisations (Section 356)		32	87
Election Expenses		19	-
Electricity & Heating		191	81
Insurance		259	237
Street Lighting		29	32
Telephone & Communications		43	35
Valuation Fees		17	-
Other		-	16
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>926</u></b>	<b><u>810</u></b>

#### Note 5. Gains or Losses from the Disposal of Assets

<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		125	279
less: Carrying Amount of P&E Assets Sold / Written Off		(134)	(232)
<b>Net Gain/(Loss) on Disposal</b>		<b>(9)</b>	<b>47</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		3,636	2,212
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(3,636)	(2,212)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(9)</u></b>	<b><u>47</u></b>



## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,037	-	1,760	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		527	-	511	-
- Short Term Deposits		8,860	-	5,319	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>10,424</b>	<b>-</b>	<b>7,590</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		-	-	3,636	-
<b>Total Investments</b>		<b>-</b>	<b>-</b>	<b>3,636</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>10,424</b>	<b>-</b>	<b>11,226</b>	<b>-</b>

<sup>1</sup> 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:

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<b>10,424</b>	<b>-</b>	<b>7,590</b>	<b>-</b>
<b>Investments</b>					
b. "Held to Maturity"	6(b-ii)	-	-	3,636	-
<b>Investments</b>		<b>-</b>	<b>-</b>	<b>3,636</b>	<b>-</b>

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

Nil					
Balance at the Beginning of the Year		3,636	-	5,848	-
Disposals (sales & redemptions)		(3,636)	-	(2,212)	-
<b>Balance at End of Year</b>		<b>-</b>	<b>-</b>	<b>3,636</b>	<b>-</b>
<b>Comprising:</b>					
- Long Term Deposits		-	-	3,636	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>3,636</b>	<b>-</b>

## Bombala Council

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

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>10,424</b>	<b>-</b>	<b>11,226</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	4,457	-	4,215	-
Internal Restrictions (refer below)	5,751	-	6,621	-
Unrestricted	216	-	390	-
	<b>10,424</b>	<b>-</b>	<b>11,226</b>	<b>-</b>

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

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Nil

##### External Restrictions - Other

Developer Contributions - General (D)	6	21	(3)	24
Developer Contributions - Water Fund (D)	39	-	-	39
Developer Contributions - Sewer Fund (D)	21	-	-	21
Specific Purpose Unexpended Grants (F)	236	104	(236)	104
Water Supplies (G)	1,891	65	-	1,956
Sewerage Services (G)	1,658	169	-	1,827
Domestic Waste Management (G)	98	38	-	136
Home and Community Care	266	116	(32)	350
<b>External Restrictions - Other</b>	<b>4,215</b>	<b>513</b>	<b>(271)</b>	<b>4,457</b>
<b>Total External Restrictions</b>	<b>4,215</b>	<b>513</b>	<b>(271)</b>	<b>4,457</b>

**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.

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	923	-	(321)	602
Infrastructure Replacement	2,838	300	(1,500)	1,638
Employees Leave Entitlement	420	20	-	440
Carry Over Works	-	351	-	351
Community Development	15	-	-	15
Deposits, Retentions & Bonds	-	154	-	154
Economic Development	180	-	-	180
Emergency Services	150	-	-	150
Financial Assistance Grant	865	882	(865)	882
Snowy River Way Interest	1,230	55	-	1,285
Delegate Disadvantages Units	-	54	-	54
<b>Total Internal Restrictions</b>	<b>6,621</b>	<b>1,816</b>	<b>(2,686)</b>	<b>5,751</b>
<b>TOTAL RESTRICTIONS</b>	<b>10,836</b>	<b>2,329</b>	<b>(2,957)</b>	<b>10,208</b>

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		429	-	289	-
Interest & Extra Charges		8	-	39	-
User Charges & Fees		233	-	133	-
Accrued Revenues					
- Interest on Investments		48	-	71	-
Government Grants & Subsidies		1,438	-	1,742	-
Other Debtors		-	-	165	-
<b>Total</b>		<b>2,156</b>	<b>-</b>	<b>2,439</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(65)	-	(65)	-
User Charges & Fees		(3)	-	(270)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(68)</b>	<b>-</b>	<b>(335)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>2,088</u></b>	<b><u>-</u></b>	<b><u>2,104</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		54	-	42	-
- Other		126	-	101	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		23	-	28	-
<b>Total External Restrictions</b>		<b>203</b>	<b>-</b>	<b>171</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>1,885</b>	<b>-</b>	<b>1,933</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>2,088</b>	<b>-</b>	<b>2,104</b>	<b>-</b>

### Notes on Debtors above:

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

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		16	-	16	-
Stores & Materials		226	-	102	-
Trading Stock		76	-	209	-
<b>Total Inventories</b>		<b>318</b>	<b>-</b>	<b>327</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		160	-	-	-
<b>Total Other Assets</b>		<b>160</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>TOTAL INVENTORIES / OTHER ASSETS</u></b>		<b><u>478</u></b>	<b><u>-</u></b>	<b><u>327</u></b>	<b><u>-</u></b>

### Externally Restricted Assets

There are no restrictions applicable to the above assets.

### Other Disclosures

#### (a) Details for Real Estate Development

Industrial/Commercial	16	-	16	-
<b>Total Real Estate for Resale</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>

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

#### Represented by:

Acquisition Costs	16	-	16	-
<b>Total Costs</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>

#### Movements:

Real Estate assets at beginning of the year	16	-	16	-
<b>Total Real Estate for Resale</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>

#### (b) Inventory Write Downs

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

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period					as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment									Dep'n	Impairment	
Plant & Equipment	-	6,154	4,017	-	2,137	818	(134)	(474)	-	-	-	4,343	1,996	-	2,347
Office Equipment	-	459	330	-	129	-	-	-	-	-	-	136	7	-	129
Furniture & Fittings	-	43	43	-	-	19	-	-	-	-	-	19	-	-	19
Land:															
- Operational Land	-	1,308	-	-	1,308	-	-	-	-	543	-	1,851	-	-	1,851
- Community Land	-	1,178	-	-	1,178	-	-	-	(90)	-	-	1,088	-	-	1,088
Buildings - Non Specialised	-	3,509	855	-	2,654	32	-	(63)	-	1,981	-	11,737	7,133	-	4,604
Buildings - Specialised	-	6,446	3,227	-	3,219	1,481	-	(114)	(2,005)	-	-	9,599	7,018	-	2,581
Other Structures	-	686	303	-	383	13	-	(19)	-	-	-	511	134	-	377
Infrastructure:															
- Roads, Bridges, Footpaths	-	99,755	44,614	-	55,141	1,725	-	(1,340)	-	-	-	94,038	38,512	-	55,526
- Bulk Earthworks (non-depreciable)	-	48,927	-	-	48,927	139	-	-	-	-	-	49,066	-	-	49,066
- Stormwater Drainage	-	963	536	-	427	-	-	(24)	-	-	-	961	558	-	403
- Water Supply Network	-	18,714	7,630	-	11,084	93	-	(265)	-	277	-	19,084	7,895	-	11,189
- Sewerage Network	-	27,916	14,672	-	13,244	26	-	(349)	-	331	-	28,272	15,020	-	13,252
- Other Infrastructure	-	-	-	-	-	31	-	(2)	-	-	-	31	2	-	29
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)															
- Tip Asset	-	186	12	-	174	-	-	(7)	-	-	-	185	18	-	167
- Quarry Asset	-	17	1	-	16	-	-	(2)	-	-	-	17	3	-	14
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	-	<b>216,261</b>	<b>76,240</b>	-	<b>140,021</b>	<b>4,377</b>	<b>(134)</b>	<b>(2,659)</b>	<b>(2,095)</b>	<b>3,132</b>	-	<b>220,938</b>	<b>78,296</b>	-	<b>142,642</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$1,983k) and New Assets (\$1,557k).

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).



## Bombala Council

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

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	7	7	-	-	7	7	-
Land								
- Operational Land	-	130	-	130	-	87	-	87
Buildings	-	227	204	23	-	87	65	22
Infrastructure	-	19,084	7,895	11,189	-	18,714	7,630	11,084
<b>Total Water Supply</b>	-	19,448	8,106	11,342	-	18,895	7,702	11,193
<b>Sewerage Services</b>								
Plant & Equipment	-	35	26	9	-	35	23	12
Land								
- Operational Land	-	155	-	155	-	172	-	172
Buildings	-	-	-	-	-	29	2	27
Infrastructure	-	28,272	15,020	13,252	-	27,915	14,672	13,243
<b>Total Sewerage Services</b>	-	28,462	15,046	13,416	-	28,151	14,697	13,454
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	47,910	23,152	24,758	-	47,046	22,399	24,647

## Note 9c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.



## Bombala Council

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

#### Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		367	-	276	-
Accrued Expenses:					
- Salaries & Wages		66	-	-	-
- Other Expenditure Accruals		42	-	120	-
Advances		40	-	-	-
Security Bonds, Deposits & Retentions		154	-	164	-
<b>Total Payables</b>		<b>669</b>	<b>-</b>	<b>560</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		-	-	56	64
<b>Total Borrowings</b>		<b>-</b>	<b>-</b>	<b>56</b>	<b>64</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		343	-	370	-
Long Service Leave		477	158	603	141
Other Leave		17	-	21	-
Other Leave		44	-	-	-
Sub Total - Aggregate Employee Benefits		<b>881</b>	<b>158</b>	<b>994</b>	<b>141</b>
Asset Remediation/Restoration (Future Works)	26	-	159	-	150
<b>Total Provisions</b>		<b>881</b>	<b>317</b>	<b>994</b>	<b>291</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>1,550</b>	<b>317</b>	<b>1,610</b>	<b>355</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2013		2012	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Sewer		-	-	12	29
Liabilities relating to externally restricted assets		-	-	12	29
<b>Internally Restricted Assets</b>					
Nil					
Total Liabilities relating to restricted assets		-	-	12	29
Total Liabilities relating to Unrestricted Assets		1,550	317	1,598	326
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>1,550</b>	<b>317</b>	<b>1,610</b>	<b>355</b>

<sup>1</sup>. 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.

## Bombala Council

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

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

	Actual 2013	Actual 2012
\$ '000		

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

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

Provisions - Employees Benefits	515	635
	<b>515</b>	<b>635</b>

#### Note 10b. Description of and movements in Provisions

Class of Provision	2012	2013				Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	370	221	(218)	(30)	-	<b>343</b>
Long Service Leave	744	67	(176)	-	-	<b>635</b>
Other Leave	21	40	-	-	-	<b>61</b>
Asset Remediation	150	9	-	-	-	<b>159</b>
<b>TOTAL</b>	<b>1,285</b>	<b>337</b>	<b>(394)</b>	<b>(30)</b>	<b>-</b>	<b>1,198</b>

- Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Bombala Council

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

#### Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	10,424	7,590
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>10,424</b>	<b>7,590</b>

#### **(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities**

<b>Net Operating Result from Income Statement</b>		<b>1,015</b>	<b>(356)</b>
Adjust for non cash items:			
Depreciation & Amortisation		2,659	2,189
Net Losses/(Gains) on Disposal of Assets		9	(47)
Unwinding of Discount Rates on Reinstatement Provisions		9	8
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		283	1,228
Increase/(Decrease) in Provision for Doubtful Debts		(267)	-
Decrease/(Increase) in Inventories		9	5
Decrease/(Increase) in Other Assets		(160)	176
Increase/(Decrease) in Payables		91	(169)
Increase/(Decrease) in other accrued Expenses Payable		(12)	107
Increase/(Decrease) in Other Liabilities		30	(5)
Increase/(Decrease) in Employee Leave Entitlements		(96)	168
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>3,570</b>	<b>3,304</b>

#### **(c) Non-Cash Investing & Financing Activities**

Nil

#### **(d) Financing Arrangements**

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

Credit Cards / Purchase Cards	10	1
<b>Total Financing Arrangements</b>	<b>10</b>	<b>1</b>

##### **(ii) Secured Loan Liabilities**

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

## Bombala Council

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

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		14	-
Plant & Equipment		31	-
Shire Local Roads Sealing Works		20	-
<b>Total Commitments</b>		<b>65</b>	<b>-</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		65	-
<b>Total Payable</b>		<b>65</b>	<b>-</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		65	-
<b>Total Sources of Funding</b>		<b>65</b>	<b>-</b>

#### (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	7	11
Later than one year and not later than 5 years	7	7
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>14</b>	<b>18</b>

##### b. Non Cancellable Operating Leases include the following assets:

Photocopiers

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

## Bombala Council

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

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	8,330	8.05 : 1	9.63	8.05
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	1,035			
2. Debt Service Ratio				
Debt Service Cost	120	1.14%	1.91%	1.67%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	10,543			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	3,152	21.78%	30.55%	26.95%
Income from Continuing Operations	14,470			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	372	10.77%	7.80%	8.85%
Rates, Annual & Extra Charges Collectible	3,454			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup>	1,983	92.02%	77.23%	175.90%
Depreciation, Amortisation & Impairment	2,155			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).

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

<sup>(4)</sup> 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.

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
TCorp Performance Measures - Consolidated				
a. Operating Performance				
Operating Revenue (excl. Capital Grants & Contr butions)				
- Operating Expenses	(1,401)	-11.62%	-10.60%	5.40%
Operating Revenue (excl. Capital Grants & Contr butions)	12,054			
b. Own Source Operating Revenue				
Rates & Annual Charges + User Charges & Fees	7,901	54.60%	47.40%	41.90%
Total Operating Revenue (incl. Capital Grants & Contributions)	14,470			
c. Unrestricted Current Ratio				
Current Assets less all External Restrictions	8,330	8.05	9.63	8.05
Current Liabilities less Specific Purpose Liabilities	1,035			
d. Debt Service Cover Ratio				
Operating Result before Interest & Depreciation (EBITDA)	1,267	9.82	7.88	20.96
Principal Repayments (from the Statement of Cash Flows)	129			
+ Borrowing Interest Costs (from the Income Statement)				
e. Capital Expenditure Ratio				
Annual Capital Expenditure	4,243	1.60	0.92	1.45
Annual Depreciation	2,659			
f. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	15,750	0.18	0.21	0.07
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	87,961			
g. Asset Maintenance Ratio				
Actual Asset Maintenance	1,700	1.22	0.49	6.28
Required Asset Maintenance	1,389			
h. Building & Infrastructure Renewals Ratio				
Asset Renewals	1,983	0.92	0.77	1.76
Depreciation of Building and Infrastructure Assets	2,155			
i. Cash Expense Cover Ratio				
Current Year's Cash & Cash Equivalents	10,424	11.60	11.30	8.10
(Total Expenses - Depreciation - Interest Costs) x12	899			
j. Interest Cover Ratio				
Operating Results before Interest & Depreciation (EBITDA)	1,267	140.78	37.27	101.58
Borrowing Interest Costs (from the income statement)	9			



## Bombala Council

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

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

<p><b>1. Unrestricted Current Ratio</b></p> <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2010</td><td>9.61</td></tr><tr><td>2011</td><td>8.05</td></tr><tr><td>2012</td><td>9.63</td></tr><tr><td>2013</td><td>8.05</td></tr></table>	Year	Ratio : 1	2010	9.61	2011	8.05	2012	9.63	2013	8.05	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 8.05 : 1</b></p> <p>Council continues to have a very positive Unrestricted Current Ratio. The decrease is due to the construction of the Swimming Pool Complex.</p>
Year	Ratio : 1											
2010	9.61											
2011	8.05											
2012	9.63											
2013	8.05											
<p><b>2. Debt Service Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>1.76%</td></tr><tr><td>2011</td><td>1.67%</td></tr><tr><td>2012</td><td>1.91%</td></tr><tr><td>2013</td><td>1.14%</td></tr></table>	Year	Ratio %	2010	1.76%	2011	1.67%	2012	1.91%	2013	1.14%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 1.14%</b></p> <p>Council's debt exposure is very low due to limited major works being undertaken. Council has the capacity to undertake future borrowing to fund increased major infrastructure works eg Water Supply and Waste Water Services.</p>
Year	Ratio %											
2010	1.76%											
2011	1.67%											
2012	1.91%											
2013	1.14%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>28.43%</td></tr><tr><td>2011</td><td>26.95%</td></tr><tr><td>2012</td><td>30.55%</td></tr><tr><td>2013</td><td>21.78%</td></tr></table>	Year	Ratio %	2010	28.43%	2011	26.95%	2012	30.55%	2013	21.78%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 21.78%</b></p> <p>This ratio fluctuates in line with the amount of grant funds Council receives. More grant funds will decrease this ratio. Council's dependency on grant funds remains reasonably constant.</p>
Year	Ratio %											
2010	28.43%											
2011	26.95%											
2012	30.55%											
2013	21.78%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>1.74%</td></tr><tr><td>2011</td><td>8.85%</td></tr><tr><td>2012</td><td>7.80%</td></tr><tr><td>2013</td><td>10.77%</td></tr></table>	Year	Ratio %	2010	1.74%	2011	8.85%	2012	7.80%	2013	10.77%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 10.77%</b></p> <p>This ratio has deteriorated due to the sale of some of the properties involved in the timber industry holdings which includes pending receivership proceedings.</p>
Year	Ratio %											
2010	1.74%											
2011	8.85%											
2012	7.80%											
2013	10.77%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>299.45%</td></tr><tr><td>2011</td><td>175.90%</td></tr><tr><td>2012</td><td>77.23%</td></tr><tr><td>2013</td><td>92.02%</td></tr></table>	Year	Ratio %	2010	299.45%	2011	175.90%	2012	77.23%	2013	92.02%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 92.02%</b></p> <p>This ratio has increase following a focus on completing flood damage works on Council roads (maintenance) rather than completing the capital works program last year</p>
Year	Ratio %											
2010	299.45%											
2011	175.90%											
2012	77.23%											
2013	92.02%											



## Bombala Council

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

## Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated)

<p><b>a. Operating Performance</b></p> <p>Ratio %</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2011</td><td>5.40%</td></tr><tr><td>2012</td><td>-10.60%</td></tr><tr><td>2013</td><td>-11.62%</td></tr></table>	Year	Ratio %	2011	5.40%	2012	-10.60%	2013	-11.62%	<p><b>Purpose of Operating Performance Ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    -11.62%</p> <p>Benchmark = Better than negative 4% Ratio = (operating revenue excluding capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions</p>
Year	Ratio %									
2011	5.40%									
2012	-10.60%									
2013	-11.62%									
<p><b>b. Own Source Operating Revenue</b></p> <p>Ratio %</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2011</td><td>41.90%</td></tr><tr><td>2012</td><td>47.40%</td></tr><tr><td>2013</td><td>54.60%</td></tr></table>	Year	Ratio %	2011	41.90%	2012	47.40%	2013	54.60%	<p><b>Purpose of Own Source Operating Revenue Ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants &amp; contributions.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    54.60%</p> <p>Benchmark = Greater than 60% Ratio = rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)</p>
Year	Ratio %									
2011	41.90%									
2012	47.40%									
2013	54.60%									
<p><b>c. Unrestricted Current Ratio</b></p> <p>Ratio (x)</p> <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>8.05</td></tr><tr><td>2012</td><td>9.63</td></tr><tr><td>2013</td><td>8.05</td></tr></table>	Year	Ratio (x)	2011	8.05	2012	9.63	2013	8.05	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    8.05</p> <p>Benchmark = 1.5x Ratio = Current assets less all external restrictions / current liabilities less specific purpose liabilities</p>
Year	Ratio (x)									
2011	8.05									
2012	9.63									
2013	8.05									
<p><b>d. Debt Service Cover Ratio</b></p> <p>Ratio (x)</p> <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>20.96</td></tr><tr><td>2012</td><td>7.88</td></tr><tr><td>2013</td><td>9.82</td></tr></table>	Year	Ratio (x)	2011	20.96	2012	7.88	2013	9.82	<p><b>Purpose of Debt Service Cover Ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    9.82 x</p> <p>Benchmark = Greater than 2.0x Ratio = operating results before interest and depreciation (EBITDA) / principal repayments (from statement of cash flows) + borrowing interest costs (from the income statement)</p>
Year	Ratio (x)									
2011	20.96									
2012	7.88									
2013	9.82									
<p><b>e. Capital Expenditure Ratio</b></p> <p>Ratio (x)</p> <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>1.45</td></tr><tr><td>2012</td><td>0.92</td></tr><tr><td>2013</td><td>1.60</td></tr></table>	Year	Ratio (x)	2011	1.45	2012	0.92	2013	1.60	<p><b>Purpose of Capital Expenditure Ratio</b></p> <p>This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement &amp; renewal of existing assets).</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    1.60 x</p> <p>Benchmark = Greater than 1.1x Ratio = annual capital expenditure / annual depreciation</p>
Year	Ratio (x)									
2011	1.45									
2012	0.92									
2013	1.60									



## Bombala Council

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

## Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated) continued

<p><b>f. Infrastructure Backlog Ratio</b></p> <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>0.07</td></tr><tr><td>2012</td><td>0.21</td></tr><tr><td>2013</td><td>0.18</td></tr></table>	Year	Ratio (x)	2011	0.07	2012	0.21	2013	0.18	<p><b>Purpose of Infrastructure Backlog Ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    0.18 x</p> <p>Benchmark = Less than 0.02x Ratio = estimate cost to bring assets to a satisfactory condition (from Special Schedule 7) / total infrastructure assets (from Special Schedule 7)</p>
Year	Ratio (x)									
2011	0.07									
2012	0.21									
2013	0.18									
<p><b>g. Asset Maintenance Ratio</b></p> <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>6.28</td></tr><tr><td>2012</td><td>0.49</td></tr><tr><td>2013</td><td>1.22</td></tr></table>	Year	Ratio (x)	2011	6.28	2012	0.49	2013	1.22	<p><b>Purpose of Asset Maintenance Ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio of &gt; 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    1.22 x</p> <p>Benchmark = Greater than 1.0x Ratio = actual asset maintenance / required asset maintenance</p>
Year	Ratio (x)									
2011	6.28									
2012	0.49									
2013	1.22									
<p><b>h. Building &amp; Infrastructure Renewals Ratio</b></p> <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>1.76</td></tr><tr><td>2012</td><td>0.77</td></tr><tr><td>2013</td><td>0.92</td></tr></table>	Year	Ratio (x)	2011	1.76	2012	0.77	2013	0.92	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    0.92 x</p> <p>Benchmark = Greater than 1.0x Ratio = Assets renewals / depreciation of buildings and infrastructure assets</p>
Year	Ratio (x)									
2011	1.76									
2012	0.77									
2013	0.92									
<p><b>i. Cash Expense Cover Ratio</b></p> <table><tr><th>Year</th><th>Ratio (mths)</th></tr><tr><td>2011</td><td>8.10</td></tr><tr><td>2012</td><td>11.30</td></tr><tr><td>2013</td><td>11.60</td></tr></table>	Year	Ratio (mths)	2011	8.10	2012	11.30	2013	11.60	<p><b>Purpose of Cash Expense Cover Ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    11.60 mths</p> <p>Benchmark = Greater than 3.0 months Ratio = current year's cash and cash equivalents / (total expenses - depreciation - interest costs) * 12</p>
Year	Ratio (mths)									
2011	8.10									
2012	11.30									
2013	11.60									
<p><b>j. Interest Cover Ratio</b></p> <table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2011</td><td>101.58</td></tr><tr><td>2012</td><td>37.27</td></tr><tr><td>2013</td><td>140.78</td></tr></table>	Year	Ratio (x)	2011	101.58	2012	37.27	2013	140.78	<p><b>Purpose of Interest Cover Ratio</b></p> <p>This ratio indicates the extent to which a Council can service (thru operating cash) its interest bearing debt &amp; take on additional borrowings.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    140.78 x</p> <p>Benchmark = Greater than 4.0x Ratio = EBITDA / interest expense (from the income statement)</p>
Year	Ratio (x)									
2011	101.58									
2012	37.27									
2013	140.78									

# Bombala Council

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

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	No Liabilities	No Liabilities	<b>8.05 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	No Liabilities	140.50 : 1	9.63
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>0.00%</b>	<b>8.77%</b>	<b>0.83%</b>
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period: 0.00%	3.13%	1.99%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>66.15%</b>	<b>80.67%</b>	<b>17.53%</b>
Income from Continuing Operations			
prior period:	64.60%	76.92%	25.60%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>12.56%</b>	<b>5.88%</b>	<b>11.20%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	10.29%	7.57%	4.74%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>35.09%</b>	<b>7.45%</b>	<b>120.96%</b>
Depreciation, Amortisation & Impairment			
prior period:	36.36%	0.00%	88.81%

#### Notes

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

## Bombala Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>TCorp Performance Measures - by Fund</b>			
<b>a. Operating Performance</b>			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses	-11.25%	-25.05%	-11.06%
Operating Revenue (excl. Capital Grants & Contributions)			
<b>b. Own Source Operating Revenue</b>			
Rates & Annual Charges + User Charges & Fees	83.00%	80.87%	52.29%
Total Operating Revenue (incl. Capital Grants & Contributions)			
<b>c. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions	0.00	0.00	8.05
Current Liabilities less Specific Purpose Liabilities			
<b>d. Debt Service Cover Ratio</b>			
Operating Result before Interest & Depreciation (EBITDA)	0.00	19.74	-5.37
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)			
<b>e. Capital Expenditure Ratio</b>			
Annual Capital Expenditure	0.35	0.07	2.02
Annual Depreciation			
<b>f. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)	0.13	0.29	0.16
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
<b>g. Asset Maintenance Ratio</b>			
Actual Asset Maintenance	0.00	0.00	0.65
Required Asset Maintenance			
<b>h. Building and Infrastructure Renewals Ratio</b>			
Asset Renewals	0.35	0.07	-0.08
Depreciation of Building and Infrastructure Assets			
<b>i. Cash Expense Cover Ratio</b>			
Current Year's Cash & Cash Equivalents	53.56	89.06	12.40
(Total Expenses - Depreciation - Interest Costs) x12			
<b>j. Interest Cover Ratio</b>			
Operating Results before Interest & Depreciation (EBITDA)	0.00	230.00	105.50
Borrowing Interest Costs (from the income statement)			

## Notes

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

## Bombala Council

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

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	10,424	7,590	10,424	7,590
Investments				
- "Held to Maturity"	-	3,636	-	3,636
Receivables	2,088	2,104	2,088	2,104
<b>Total Financial Assets</b>	<b>12,512</b>	<b>13,330</b>	<b>12,512</b>	<b>13,330</b>
<b>Financial Liabilities</b>				
Payables	669	560	669	559
Loans / Advances	-	120	-	120
<b>Total Financial Liabilities</b>	<b>669</b>	<b>680</b>	<b>669</b>	<b>679</b>

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.

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty (to an investment) 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
<b>2013</b>				
Possible impact of a 1% movement in Interest Rates	104	104	(104)	(104)
<b>2012</b>				
Possible impact of a 1% movement in Interest Rates	112	112	(112)	(112)



## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

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

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

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

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	107	1,659	84	695
Past due by up to 30 days	40	19	25	14
Past due between 31 and 180 days	60	38	40	915
Past due between 181 and 365 days	222	11	140	526
	<b>429</b>	<b>1,727</b>	<b>289</b>	<b>2,150</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2013	2012
Balance at the beginning of the year			335	335
- amounts already provided for & written off this year			(267)	-
<b>Balance at the end of the year</b>			<b>68</b>	<b>335</b>



## Bombala Council

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

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2013									
Trade/Other Payables	154	515	-	-	-	-	-	669	669
Total Financial Liabilities	154	515	-	-	-	-	-	669	669
2012									
Trade/Other Payables	164	396	-	-	-	-	-	560	560
Loans & Advances	-	56	35	29	-	-	-	120	120
Total Financial Liabilities	164	452	35	29	-	-	-	680	680

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	669	0.0%	560	0.0%
Loans & Advances - Fixed Interest Rate	-	0.0%	120	6.6%
	<u>669</u>		<u>680</u>	

## Bombala Council

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

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 27 June 2012.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>3,163</b>	<b>3,152</b>	<b>(11)</b>	<b>(0%) U</b>
<b>User Charges &amp; Fees</b>	<b>1,248</b>	<b>4,749</b>	<b>3,501</b>	<b>281% F</b>
The favourable variance in User Charges was mainly due to an increase in works requested from the RMS (Roads and Maritime Service) on Ordered Works on State roads. Council has also undertaken additional private works for the local timber precinct project.				
<b>Interest &amp; Investment Revenue</b>	<b>290</b>	<b>498</b>	<b>208</b>	<b>72% F</b>
The higher than estimated interest on investments was a combination of using a conservative interest rate to determine projections (based on current economic forecasts at the time) and having a higher than expected funds available to invest due to project delays.				
<b>Other Revenues</b>	<b>157</b>	<b>433</b>	<b>276</b>	<b>176% F</b>
The favourable variation was the result of better than expected Quarry sales. Council was also successful in claiming a diesel rebate for previous financial years.				
<b>Operating Grants &amp; Contributions</b>	<b>3,552</b>	<b>3,222</b>	<b>(330)</b>	<b>(9%) U</b>
<b>Capital Grants &amp; Contributions</b>	<b>1,130</b>	<b>2,416</b>	<b>1,286</b>	<b>114% F</b>
The Favourable variance is due to Council receiving Regional Development Australia Fund funding for several local roads projects.				

## Bombala Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 Variance*	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>3,436</b>	<b>3,291</b>	<b>145</b>	<b>4% F</b>
<b>Borrowing Costs</b>	<b>-</b>	<b>9</b>	<b>(9)</b>	<b>0% U</b>
<b>Materials &amp; Contracts</b>	<b>2,779</b>	<b>6,561</b>	<b>(3,782)</b>	<b>(136%) U</b>
Council was awarded an increase in works requested from the RMS (Roads and Maritime Service) on Ordered Works on State roads. Council has also undertaken additional private works for the local timber precinct project.				
<b>Depreciation &amp; Amortisation</b>	<b>1,584</b>	<b>2,659</b>	<b>(1,075)</b>	<b>(68%) U</b>
The unfavourable variation was the result of an underestimation of depreciation as a result of the revaluation of roads, water and sewer infrastructure in 2011/12.				
<b>Other Expenses</b>	<b>660</b>	<b>926</b>	<b>(266)</b>	<b>(40%) U</b>
The unfavourable variation was the result of an underestimation of Electricity & Heating expenses and Insurance expenses.				
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>9</b>	<b>(9)</b>	<b>0% U</b>

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

<b>Cash Flows from Operating Activities</b>	<b>1,535</b>	<b>3,570</b>	<b>2,035</b>	<b>132.6%</b>	<b>F</b>
The favourable result is the result of increased grants and contributions from the RMS, additional Financial Assistance Grant and a grant for the swimming pool upgrade. Council also received RDAF funding for local roads and private works for the local timber precinct project.					
<b>Cash Flows from Investing Activities</b>	<b>(3,256)</b>	<b>(616)</b>	<b>2,640</b>	<b>(81.1%)</b>	<b>F</b>
The purchase of investments and assets were not included in the original estimates.					
<b>Cash Flows from Financing Activities</b>	<b>(14)</b>	<b>(120)</b>	<b>(106)</b>	<b>757.1%</b>	<b>U</b>
The repayment of loans was greater than original estimate projections.					

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S94A Levies - under a Plan	6	18	-	-	-	-	24				-
Total S94 Revenue Under Plans	6	18	-	-	-	-	24				-
S64 Contributions	60	3	-	-	-	-	63				
<b>Total Contributions</b>	<b>66</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) S94 Plans

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

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

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

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

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

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

##### (ii) Infringement Notices/Fines

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

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

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

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

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

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

## Bombala Council

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

#### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		128,990	129,346
a. Net Operating Result for the Year		1,015	(356)
<b>Balance at End of the Reporting Period</b>		<b>130,005</b>	<b>128,990</b>

#### (b) Reserves

##### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	23,760	22,723
<b>Total</b>	<b>23,760</b>	<b>22,723</b>

##### (ii) Reconciliation of movements in Reserves:

###### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	22,723	12,106
- Revaluations for the year	1,037	10,617
<b>- Balance at End of Year</b>	<b>23,760</b>	<b>22,723</b>

###### TOTAL VALUE OF RESERVES

<b>23,760</b>	<b>22,723</b>
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##### (iii) Nature & Purpose of Reserves

###### Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

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

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

#### (d) Voluntary Changes in Accounting Policies

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



# Bombala Council

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

### Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	424	388	2,340
User Charges & Fees	108	1	4,640
Interest & Investment Revenue	93	81	324
Other Revenues	5	-	428
Grants & Contributions provided for Operating Purposes	10	9	3,203
Grants & Contributions provided for Capital Purposes	1	2	2,413
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>641</b>	<b>481</b>	<b>13,348</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	162	163	2,966
Borrowing Costs	-	-	9
Materials & Contracts	285	86	6,190
Depreciation & Amortisation	265	349	2,045
Other Expenses	-	1	925
Net Losses from the Disposal of Assets	-	-	9
<b>Total Expenses from Continuing Operations</b>	<b>712</b>	<b>599</b>	<b>12,144</b>
<b>Operating Result from Continuing Operations</b>	<b>(71)</b>	<b>(118)</b>	<b>1,204</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>(71)</b>	<b>(118)</b>	<b>1,204</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(71)</b>	<b>(118)</b>	<b>1,204</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(72)</b>	<b>(120)</b>	<b>(1,209)</b>

<sup>1</sup> 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.

## Bombala Council

## Notes to the Financial Statements

as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	1,995	1,848	6,581
Investments	-	-	-
Receivables	180	23	1,885
Inventories	-	-	318
Other	-	-	160
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>2,175</b>	<b>1,871</b>	<b>8,944</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	11,342	13,416	117,884
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>11,342</b>	<b>13,416</b>	<b>117,884</b>
<b>TOTAL ASSETS</b>	<b>13,517</b>	<b>15,287</b>	<b>126,828</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	-	-	669
Borrowings	-	-	-
Provisions	-	-	881
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,550</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	-	-
Provisions	-	-	317
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>317</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>1,867</b>
<b>Net Assets</b>	<b>13,517</b>	<b>15,287</b>	<b>124,961</b>
<b>EQUITY</b>			
Retained Earnings	4,688	4,395	120,922
Revaluation Reserves	8,829	10,892	4,039
<b>Total Equity</b>	<b>13,517</b>	<b>15,287</b>	<b>124,961</b>

<sup>1</sup> 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 &amp; payables between the Funds.

## Bombala Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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\$ '000

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

#### Note 23. Events occurring after the Reporting Period

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

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

Accordingly, the "authorised for issue" date is 28/11/13.

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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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.

## Bombala Council

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

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Tip - Beginning of Year	2031	123	116
+ Amortisation of discount (Expensed to borrowing costs)		7	7
Quarry/Pit - Beginning of Year	2056	27	26
+ Amortisation of discount (Expensed to borrowing costs)		2	1
<b>Balance at End of the Reporting Period</b>	10(a)	<b>159</b>	<b>150</b>

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

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

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

#### Reconciliation of movement in Provision for year:

Balance at beginning of year	150	142
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	9	8
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>159</b>	<b>150</b>

#### 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.

## Bombala Council

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

#### Note 27. Council Information & Contact Details

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**Principal Place of Business:**

71 Caveat Street  
Bombala NSW 2632

**Contact Details**
**Mailing Address:**

PO Box 105  
Bombala NSW 2632

**Opening Hours:**

Council Mon-Fri 8:00am - 5:00pm  
RTA Mon-Fri 9:00am - 4:00pm

**Telephone:** 02 6458 3555

**Facsimile:** 02 6458 3777

**Internet:** <http://www.bombala.nsw.gov.au>

**Email:** [council@bombala.nsw.gov.au](mailto:council@bombala.nsw.gov.au)

**Officers**
**GENERAL MANAGER**

Ngaire McCrindle

**RESPONSIBLE ACCOUNTING OFFICER**

Jacqueline Chadwick

**PUBLIC OFFICER**

Robyn Guthrie

**AUDITORS**

Auswild & Co

**Elected Members**
**MAYOR**

Bob Stewart

**COUNCILLORS**

Brad Yelds

Joe Ingram

Diane Hampshire

Steve Goodyer

Bill Bateman

Sue Haslingden

**Other Information**

**ABN:** 21 570 922 668



## **Independent auditor's report to the Councillors of the Bombala Council and the Chief Executive Officer of the Division of Local Government**

We have audited the accompanying general purpose financial report of the Bombala Council, which comprises the Statement by Councillors and Management, Statement of Financial Position as at 30<sup>th</sup> June, 2013, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

### **Councils' Responsibility for the Financial Report**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial report 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 report.

Our audit responsibility does not extend to the original budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17 or the Statement of TCorp performance measures disclosed in Note 13. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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



### Independence

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

### Auditor's Opinion

In our opinion,

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 Chapter 13 Part 3 Division 2; and
- (b) The general purpose 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 its cash flows; and
  - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

**AUSWILD & CO.**



G.J. BRADLEY  
Principal

Registered Auditor No: 1249

CANBERRA  
28<sup>th</sup> November, 2013



# Auswild & Co

## CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

28<sup>th</sup> November, 2013

Cr Bob Stewart  
Mayor  
Bombala Council  
P.O. Box 105  
**BOMBALA,** N.S.W. 2632

Dear Cr Stewart,

Having completed an audit examination of the books of account and associated records of the Bombala Council for the twelve months period ended 30 June 2013 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

### BACKGROUND

Council is required to prepare two sets of financial statements for audit each year, these being:

#### General Purpose Financial Statements

These financial statements present the actual financial position and performance of the Council. Council has prepared the general purpose financial statements in accordance with:

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

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

These financial statements have been prepared in much the same manner as those of the previous year.

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### Special Purpose Financial Statements

These financial statements have been prepared in accordance with the requirements of the National Competition Policy which requires separate financial statements for each declared business activity. Council's declared business activities for the 2013 financial year were:

- Water Fund Operations
- Sewer Fund Operations

The principle differences between the general purpose financial statements and the special purpose financial statements are that:

- certain taxes and other costs that would apply if these business activities were operating in the commercial sector have been imputed in the special purpose financial statements (ie income tax and land tax),
- the special purpose financial statements contain additional disclosures such as council subsidies, return on investments and dividends paid.

These financial statements have been prepared in much the same manner as those of the previous year.

### Auditor's Responsibility

As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2013, its performance for the year then ended its cash flows and other material financial matters.



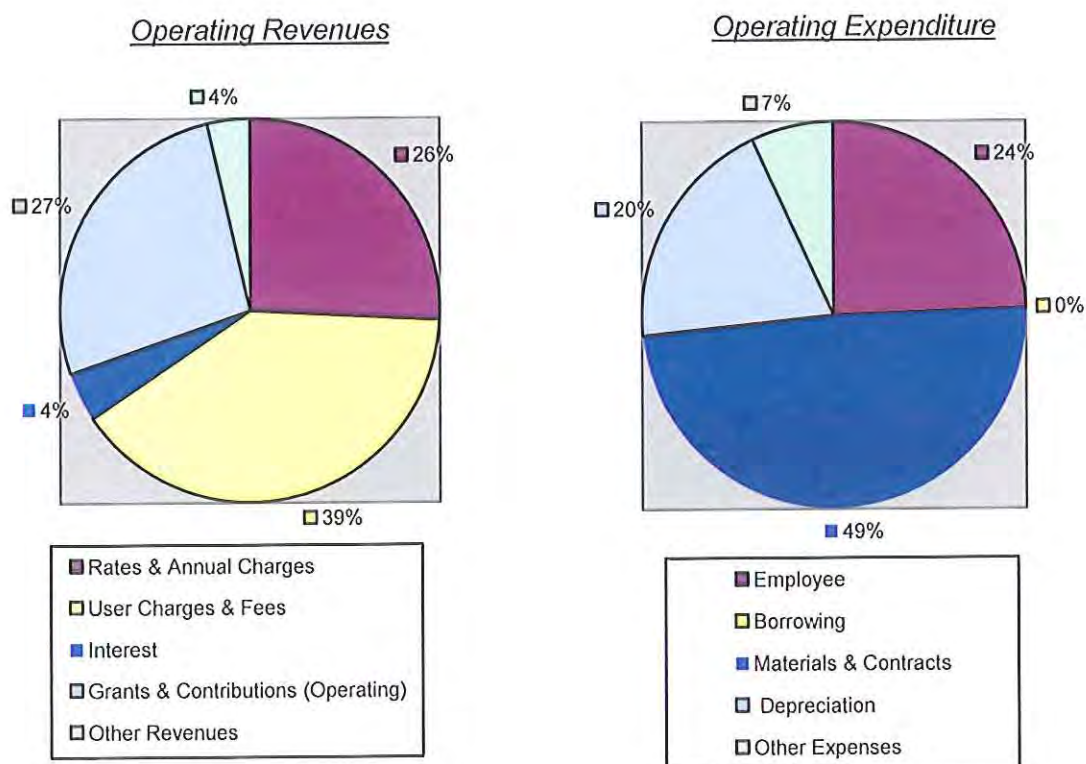


## FINANCIAL RESULTS

Council reported an operating deficit before capital grants and contributions of \$1.40 million for the year ended 30 June 2013 (2012 – deficit of \$945,000).

Excluding capital grants and contributions, operating revenues (\$12.05 million) increased approximately 28.70% on those of the previous year (\$9.37 million) whilst during the same period operating expenses (\$13.46 million), including depreciation expenses of \$2.66 million, increased approximately 30.50%.

A breakdown of Council's revenues and expenses from continuing operations for the year is as follows:



In addition to operating revenues, Council received capital grants and contributions of \$2.42 million (2012 - \$589,000).

In the twelve months period to 30 June 2013, Council's operating result from continuing operations' (including capital grants and contributions) was a surplus of \$1.02 million compared with a deficit of \$356,000 in the previous year.

---

## BUDGET COMPARISON

The net operating surplus for the year of \$1.02 million was much in line with the original budget expectations which anticipated a surplus of \$1.08 million.

Details of material variations between the original budget and actual results are detailed in Note 16 to the General Purpose Financial Reports. In essence the variations have been attributed to: -

### Favourable variances

- Increased User Charges and Fees in relation to additional income generated from Roads and Maritime Services in relation to ordered works.
- Increased interest income due to higher than anticipated interest rates and project delays.
- Income from quarry sales and diesel rebates exceeded expectations.
- The receipt of RDAF funding.

### Unfavourable variances

- Increased materials and contract expenditures due to additional work requested by the RMS.
- Depreciation expenses were over budget following the revaluation of assets in prior years.

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## DETAILED AUDIT OBSERVATIONS

### OPERATING INCOME

#### **Rates and Annual Charges**

Revenue from rates and annual charges (including Council owned properties) amounted to \$3.15 million (2012 - \$3.04 million).

In setting the **ordinary rates** for the year Council resolved to adopt the maximum increase available of 3.60% which has resulted in revenues from ordinary rates increasing from \$1.98 million in 2011/2012 to \$2.04 million in the current year.

Council's ordinary rating base remained fairly static during the twelve months period and at year end 1,901 assessments were subject to ordinary rates.

Council further resolved that other major charges be varied as follows:

- Bombala water availability charges increased \$23 to \$500.
- Delegate water availability charges increased \$18 to \$383.
- Bombala sewer access charges (Residential) increased \$25 to \$525.
- Delegate sewer access charges (Residential) increased \$20 to \$426.
- Domestic waste fees increased \$13 to \$285.

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	<u>2013</u>	<u>2012</u>
	\$	\$
Water	424,000	407,000
Sewerage	388,000	370,000
Domestic Waste	249,000	239,000

Rebates of \$106,000 were provided to eligible pensioners and a subsidy of \$57,000 was received from the Division of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year were \$32,000 (2012 - \$45,000) and outstanding rates were subject to interest at the rate of 10.00% pa (2012 - 11.00%).





### User Charges and Fees

Council derived \$129,000 from **specific user charges** (2012 - \$118,000) and a further \$4.62 million from **fees** (2012 - \$1.54 million) imposed during the twelve months period ended 30 June 2013.

Impacting significantly on user charges and fees for the year were:

#### Private Works (increased \$391,000)

Private works income increased substantially in the current year with income of \$1.48 million being earned - principally from works associated with the RDAF/Timber Precinct Project.

#### RMS Charges (increased \$2,642,000)

Works requested by the RMS (formerly RTA) also increased substantially in the current year and amounted to \$2.81 million (2012 - \$171,000). Predominately, such work related to the Parsonage Creek culverts.

Other revenues received from user charges and fees included:-

	2013	2012
	\$	\$
Water Usage	110,000	93,000
Caravan Park	72,000	80,000
Cemeteries	55,000	19,000

### Interest

Interest and investment revenues decreased during the twelve months period with income being earned as follows:

	2013	2012
	\$	\$
Overdue Rates & Annual Charges	32,000	45,000
General investments	224,000	316,000
Water investments	93,000	110,000
Sewerage investments	81,000	90,000
HACC	13,000	14,000
Snowy River Way	55,000	73,000
	<u>\$ 498,000</u>	<u>\$ 648,000</u>



Interest on investments for the year represented approximately 24.41% (2012 – 32.76%) of Council's ordinary rating income and therefore remains an important component of Council's budget.

### Other Operating Income

Bombala Council has once again received important income from a number of non-core activities. Predominantly, such income has been earned from diesel rebates (\$102,000) and quarry sales (\$156,000).

### Grants, Subsidies and Contributions

#### Operating Grants and Contributions

Operating grants and contributions amounting to \$3.22 million were received in 2012/2013 compared with \$3.76 million received in the previous year.

Council's untied Financial Assistance Grant decreased 20.70% from \$2.12 million in 2011/2012 to \$1.68 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance payment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Bombala Council has now received two instalments of the financial assistance grants in advance. These advance payments to Bombala Council amount to \$882,000 and have been internally restricted by Council.

Other major specific purpose operating grants and contributions were received for RMS regional road works (\$695,000), community care (\$369,000) and bushfire & emergency services (\$191,000).

#### Capital Grants and Contributions

Total capital grants and contributions received for the year amounted to \$2.42 million (2012 - \$589,000) and principally related to transport (\$1.29 million) rural fire services (\$599,000).

In accordance with the Code of Accounting Practice, all grant and contribution monies received in 2012/2013 (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$188,000. At year end Council held unexpended grants and contributions amounting to \$188,000 (2012 - \$302,000) and such funds have been identified as an externally restricted asset.



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## OPERATING EXPENDITURE

Expenses from continuing operations (\$13.46 million) were significantly higher than both those of the previous year (\$10.31 million) and budget expectations (\$8.46 million).

Impacting significantly on operating expenses for the year were:

### **Employee Costs**

Employee costs (\$3.29 million) were marginally lower than those of the previous year (\$3.41 million) with increases in salaries and wages being more than offset by reductions in leave entitlements and workers compensation insurance.

At year end the number of Council's "Equivalent Full Time" employees totalled 46 (2012 - 47).

### **Materials and Contracts**

Materials and contracts expenditure (\$6.56 million) rose considerably in the current year primarily in response to Council engagement on the RMS SH19 RMCC & Parsonage Creek Project.

### **Depreciation Expenses**

Depreciation expenses (\$2.66 million) rose approximately \$470,000 in the current year as a result of increased valuations in Council's water and sewerage infrastructure.

Depreciation expenses account for approximately 20.00% of Council's total expenses which is relatively low in comparison with most rural Council's with which we are associated.

## ASSETS

### **Cash and Investments**

At balance date Council controlled cash & investments totalling \$10.42 million (2012 - \$11.23 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises developer contributions (\$84,000), specific purpose unexpended grants (\$104,000), advance instalments of the financial assistance grant (\$882,000); water investments (\$1.96 million); sewerage investments (\$1.83 million); employee entitlements (\$440,000) and monies for future capital expenditure.

Externally restricted investments amounted to \$4.46 million whilst Council has "earmarked" a further \$5.75 million towards the funding of its future long-term objectives.



Council's cash and investments were held as follows:

	2013	2012
	\$	\$
General Fund	5,967,000	7,011,000
Water Fund	1,995,000	1,930,000
Sewerage Fund	1,848,000	1,679,000
Externally Restricted Funds	614,000	606,000
	<u>\$10,424,000</u>	<u>\$11,226,000</u>

and comprised:

	2013	2012
	\$	\$
Cash on Hand and at Bank	1,037,000	1,760,000
Deposits at Call	527,000	511,000
Short Term Deposits	8,860,000	5,319,000
Long Term Investments	-	3,636,000
	<u>\$10,424,000</u>	<u>\$11,226,000</u>

## Debtors

### Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$372,000 (2012 - \$263,000) which represented 10.77% of total receivable (2012 - 7.80%).

This high percentage is largely due to the arrears of one major ratepayer who had outstanding rates of approximately \$124,500 as at 30<sup>th</sup> June, 2013. We are advised that this ratepayer is currently in receivership.

Additionally we note that a further nine ratepayers collectively owed in excess of \$97,500 at year end against which Council has initiated positive recovery action.

Outstanding rates and annual charges have been subject to interest at the rate of 10.00% and we report that Council has maintained a provision for doubtful rates amounting to \$65,000.



### Property, Plant and Equipment (excluding real estate)

During the reporting period Council expended \$4.38 million (2012 - \$2.24 million) on the acquisition of assets.

The principal items being:-

	\$ '000's
Plant & Equipment	818
Buildings	1,513
Roads	1,864

The expenditure associated with buildings and infrastructure has given Council an assets renewal ratio of 92.02%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating. In our opinion Council should be endeavouring to maintain an average ratio greater than 100.00%.

Additionally, we report that Council sold assets with a book value of \$134,000. The sale of these assets has resulted in a loss of \$9,000 being brought to account (2012 – profit of \$47,000).

Further, we report that in accordance with the requirements of the Code of Accounting Practice, Council's buildings and land assets were subject to a full revaluation which is required to be conducted every five years. Additionally, Council's water and sewerage assets were indexed upwards in accordance with the latest indices provided by the NSW Office of Water. We report that the building and land assets were subject to external valuations.

These revaluations have resulted in Council's assets being adjusted as follows:

Operational Land	increased \$543,000 to \$1.85 million
Community Land	decreased \$90,000 to \$1.09 million
Buildings – Non-Specialised	increased \$1.98 million to \$4.60 million
Buildings – Specialised	decreased \$2.0 million to \$2.58 million
Water Supply Network	increased \$277,000 to \$11.19 million
Sewerage Network	increased \$331,000 to \$13.25 million

The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$140.02 million in 2011/2012 to \$142.64 million as at 30 June 2013.

Major acquisitions during the year were again funded from grants, contributions and cash & investments.

---

### Provisions

At 30 June 2013 the Provision for Employee' Accrued Entitlements totalled \$1.04 million.

The components of the liability are: -

	2013	2012
	\$	\$
Annual Leave	343,000	370,000
Long Service Leave	635,000	744,000
Other	61,000	21,000

The average leave entitlement per employee as at 30 June 2013 was \$22,600 (2012 - \$24,200).

At years end Council had set aside funds amounting to \$440,000 or 42.00% of the employee leave entitlement liability. Such funds have been identified as an internally restricted asset.

### Loans and Debt Servicing

During the year Council repaid all outstanding borrowings and has now achieved the enviable position of being debt free.

### SUMMARY

In analysing Council's financial results for the year, particular attention must be given to the following: -

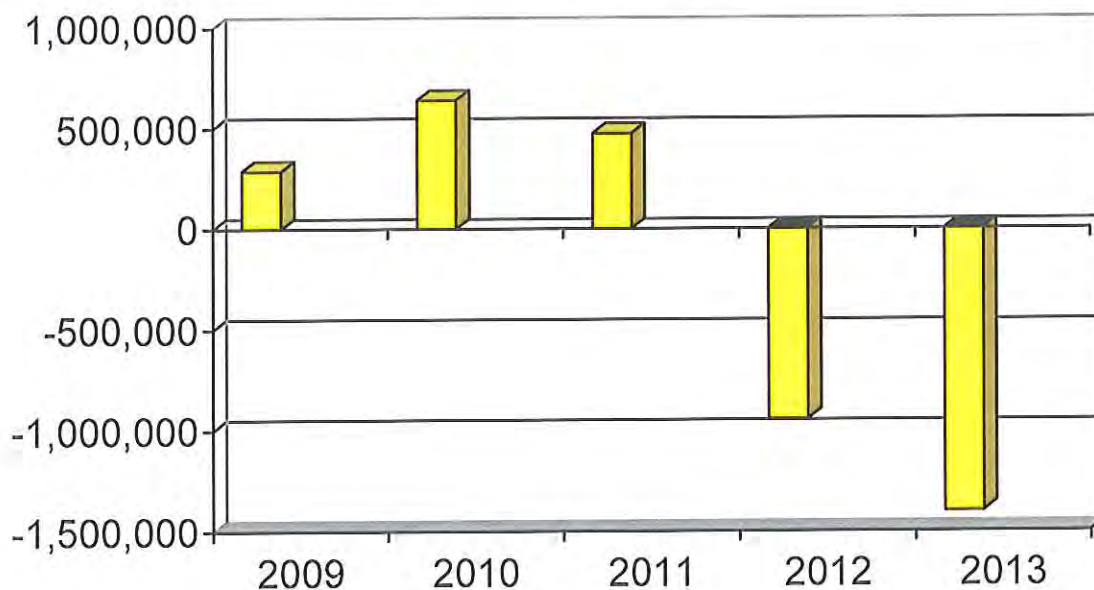
- Operating result before capital amounts (deficit \$1.40 million)
- Net decrease in cash and investments held (\$802,000)
- Internal and unrestricted investments amounting to \$5.97 million
- Performance ratios



## Operating Result

Council reported an operating deficit before capital amounts of \$1.40 million for the twelve months period to 30 June 2013. This result has been reported after allowing for depreciation expenses of \$2.66 million and was below the result of the previous year (deficit of \$945,000) and budget expectations which anticipated a deficit of \$50,000.

### Operating Surplus before Capital Amounts



The contribution of the individual Funds to the consolidated operating result before capital grants and contributions was as follows:

	Surplus/(Deficit)	
	2013	2012
	\$	\$
General Fund	(1,209,000)	(1,128,000)
Water Fund	(72,000)	80,000
Sewerage Fund	(120,000)	103,000
	<u>(\$1,401,000)</u>	<u>(\$945,000)</u>

The declining operating result over the past two years is of concern and we encourage Council to initiate action to address this adverse trend. Whilst increased depreciation expenses have materially contributed to the operating deficit in the current year we do note that Council's depreciation expenses would still be considered low in comparison with most rural Councils.

We note the following items that impacted significantly on the operating result this year:

*Financial Assistance Grants (decreased \$440,000)*

Council's untied Financial Assistance Grant decreased 20.70% from \$2.12 million in 2011/2012 to \$1.68 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance payment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Bombala Council has now received two instalments of the financial assistance grants in advance. These advance payments to Bombala amount to \$882,000 and have been internally restricted by Council.

*RMS (formerly RTA) works (increased \$2,642,000)*

In 2012/2013 Bombala Council received major RMS contracts for works on the Parsonage Creek culverts.

*Private Works (increased \$391,000)*

Whilst Council experienced a decline in Section 67 private works we report that major private works were undertaken on the RDAF/Timber Precinct Project.

*Depreciation (increased \$470,000)*

Large increases in the carrying values of Council's water and sewerage infrastructure following their revaluations in 2011/2012 has resulted in significant increases in depreciation expenses.

We also note the following items that have had a material impact on Council's operating result for the year.

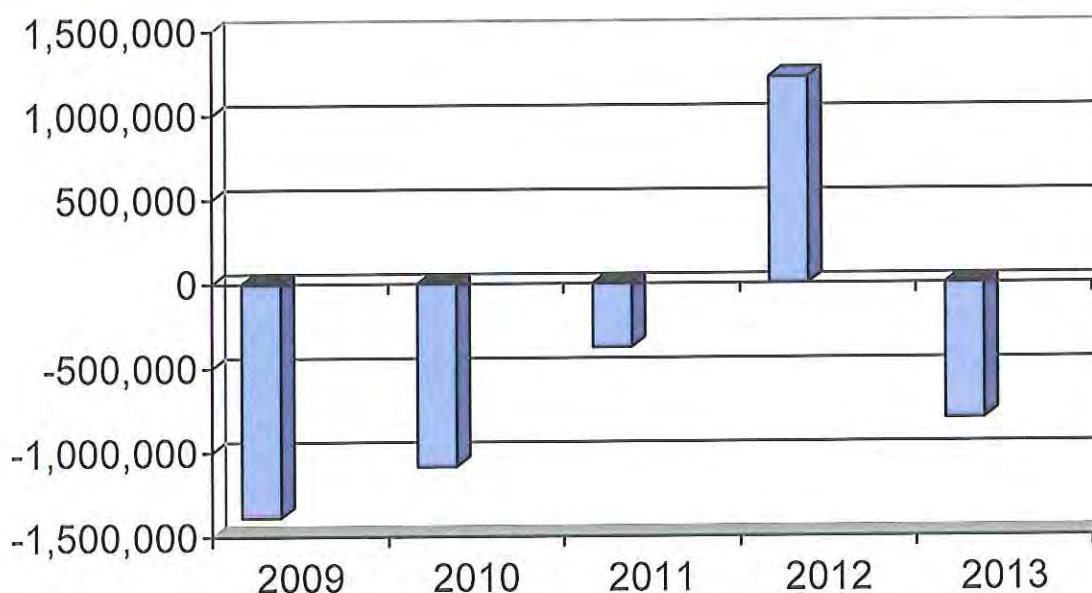
<u>Income</u>	2013 \$	2012 \$	Variance \$
Interest	498,000	648,000	(150,000)
Diesel rebate	102,000	Nil	102,000
Quarry sales	156,000	34,000	122,000
<u>Expenses</u>			
Electricity and Heating	191,000	81,000	110,000

## Cash Flow

Council achieved a cash surplus of \$3.57 million from its general operating activities, which was principally utilised to purchase assets and repay loans.

These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council recording a decrease in cash and investments held of \$802,000 for the year.

### Cash Flow Surplus



Upon analysis the cash flow deficit can be identified as follows:

Activity	Surplus/(Deficit)	
	2013 \$	2012 \$
<u>Externally Restricted</u>		
Water Fund	65,000	174,000
Sewerage Fund	169,000	248,000
Other	8,000	(2,087,000)
<u>Internally Restricted and Unrestricted</u>		
General Fund	(1,044,000)	2,888,000



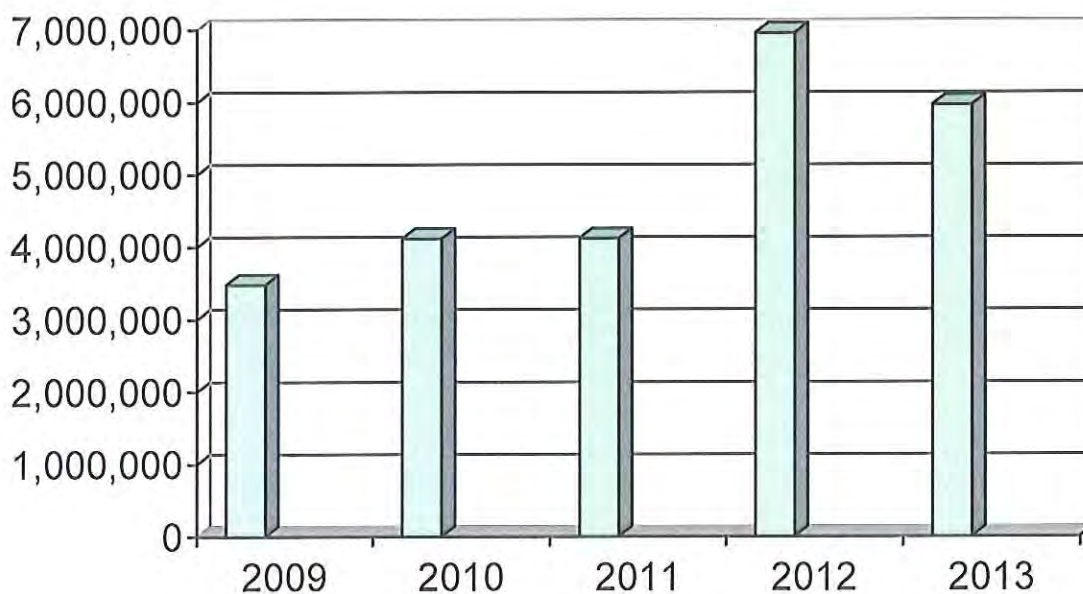
For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2012/2013.

- An advance instalment of the financial assistance grant was received in the 2011/2012.
- Capital expenditure amounted to \$4.38 million in the current year compared to \$2.24 million in 2011/2012.
- Unexpended grants and Contributions decreased \$114,000
- Receivables decreased \$283,000.
- Creditors increased by \$109,000

#### **Reserves (Internally Restricted and Unrestricted Assets)**

As noted previously, Council's internal and unrestricted funds decreased by \$1.04 million during the twelve months period and at year end Council held internally restricted investments amounting to \$5.75 million whilst a further \$216,000 was maintained as unrestricted investments. Additionally, we report that the water and sewerage funds held cash and investments of \$2.0 and \$1.85 million respectively.

#### Internal and Unrestricted Reserve Funds



As illustrated, Council's reserve funds had been strengthening over the past four years and the downturn in the current year has occurred through reserve funds being utilised for:

- Infrastructure improvements at the swimming pool
- Replacement of Plant & Equipment

As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally and in our opinion Bombala Council will need to achieve future cash surpluses commensurable with this objective.

### Performance Ratios

Council's relatively sound financial position is reflected in its performance ratios.

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 8.05 and Council's debt free status at year end.

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each.

Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion, we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations which we required.

Yours faithfully,

AUSWILD & CO.

Per:



G.J. BRADLEY  
Registered Auditor No 1249



# Bombala Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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*"Bombala Council Area - retaining visual beauty  
whilst embracing a quiet relaxed lifestyle and a  
progressive diversified community".*





# Bombala Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2013

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<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
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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).

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# Bombala Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2013

### Statement by Councillors and Management

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

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


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

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

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

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

**Signed in accordance with a resolution of Council made on 16 October 2013.**



Bob Stewart  
MAYOR



Brad Yelds  
COUNCILLOR



Ngaire McCrindle  
GENERAL MANAGER



Jacqueline Chadwick  
RESPONSIBLE ACCOUNTING OFFICER

## Bombala Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	424	407
User charges	108	93
Fees	-	1
Interest	93	110
Grants and contributions provided for non capital purposes	10	10
Profit from the sale of assets	-	-
Other income	5	6
<b>Total income from continuing operations</b>	<b>640</b>	<b>627</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	162	125
Borrowing costs	-	-
Materials and contracts	285	271
Depreciation and impairment	265	151
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>712</b>	<b>547</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(72)</b>	<b>80</b>
Grants and contributions provided for capital purposes	1	3
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(71)</b>	<b>83</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(71)</b>	<b>83</b>
less: Corporate Taxation Equivalent (30%) [based on result before capita]	-	(24)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(71)</b>	<b>59</b>
plus Opening Retained Profits	4,759	4,676
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	24
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>4,688</b>	<b>4,759</b>
<b>Return on Capital %</b>	<b>-0.6%</b>	<b>0.7%</b>
<b>Subsidy from Council</b>	<b>500</b>	<b>259</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(71)	59
less: Capital grants and contributions (excluding developer contr butions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>59</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>30</b>

## Bombala Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	388	370
User charges	1	8
Liquid Trade Waste charges	-	-
Fees	-	1
Interest	81	90
Grants and contributions provided for non capital purposes	9	9
Profit from the sale of assets	-	-
Other income	-	1
<b>Total income from continuing operations</b>	<b>479</b>	<b>479</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	163	74
Borrowing costs	-	3
Materials and contracts	86	144
Depreciation and impairment	349	152
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	1	3
<b>Total expenses from continuing operations</b>	<b>599</b>	<b>376</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(120)</b>	<b>103</b>
Grants and contributions provided for capital purposes	2	2
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(118)</b>	<b>105</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(118)</b>	<b>105</b>
less: Corporate Taxation Equivalent (30%) [based on result before capita]	-	(31)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(118)</b>	<b>74</b>
plus Opening Retained Profits	4,513	4,408
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	31
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>4,395</b>	<b>4,513</b>
<b>Return on Capital %</b>	<b>-0.9%</b>	<b>0.8%</b>
<b>Subsidy from Council</b>	<b>626</b>	<b>302</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(118)	74
less: Capital grants and contributions (excluding developer contr butions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>74</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>37</b>

## Bombala Council

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

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,995	-
Investments	-	1,930
Receivables	180	142
Inventories	-	1
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>2,175</b>	<b>2,073</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	11,342	11,193
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>11,342</b>	<b>11,193</b>
<b>TOTAL ASSETS</b>	<b>13,517</b>	<b>13,266</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>13,517</b>	<b>13,266</b>
<b>EQUITY</b>		
Retained earnings	4,688	4,759
Revaluation reserves	8,829	8,507
Council equity interest	13,517	13,266
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>13,517</b>	<b>13,266</b>

## Bombala Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,848	-
Investments	-	1,679
Receivables	23	28
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,871</b>	<b>1,707</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	13,416	13,454
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>13,416</b>	<b>13,454</b>
<b>TOTAL ASSETS</b>	<b>15,287</b>	<b>15,161</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	12
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>12</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	29
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>29</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>41</b>
<b>NET ASSETS</b>	<b>15,287</b>	<b>15,120</b>
<b>EQUITY</b>		
Retained earnings	4,395	4,513
Revaluation reserves	10,892	10,607
Council equity interest	15,287	15,120
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>15,287</b>	<b>15,120</b>



## Bombala Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

## Bombala Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

Council has no Category 1 Business Activities.

##### Category 2

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

##### a. Water Supplies

Supply of water and associated activities - Bombala & Delegate

##### b. Sewer Services

Reticulation, treatment and associated activities - Bombala & Delegate Sewer Systems.

#### Monetary Amounts

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

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

#### (i) Taxation Equivalent Charges

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

## Bombala Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

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

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

##### **Notional Rate Applied %**

###### Corporate Income Tax Rate – 30%

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

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

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

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

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

##### **Income Tax**

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

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date.

##### **Local Government Rates & Charges**

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

##### **Loan & Debt Guarantee Fees**

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

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

##### **(ii) Subsidies**

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

## Bombala Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

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

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

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

#### (iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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

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

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

#### (iv) Dividends

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

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

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

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

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

# Bombala Council

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

### Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2013

#### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	2,820
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	28,200
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	54,500

2013 Surplus	(71,000)	2012 Surplus	59,000	2011 Surplus	66,500
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(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]	NO
	- Complying charges [Item 2(b) in Table 1]	NO
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	NO
(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	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO



## Bombala Council

# Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

## Note 2. Water Supply Business

### Best Practice Management disclosure requirements (continued)

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

---

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	555
<b>NWI F4</b>	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)]	%	13.61%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	11,189
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	447
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	93
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-1.38%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

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

# Bombala Council

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

### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2013

#### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	2,439
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	24,390
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	36,600

2013 Surplus	(118,000)	2012 Surplus	74,100	2011 Surplus	80,500
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(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]	NO
	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]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Bombala Council

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

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

2013

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	404
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	13,252
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	249
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	26
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-1.45%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	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	959
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.98%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	119
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-1.42%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Bombala Council

# Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

## Note 3. Sewerage Business

### Best Practice Management disclosure requirements (continued)

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

2013

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage)	%	-13.34%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
<b>NWI F23</b>	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):	-	351
	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:	-	164
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage)	\$'000	(187)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage)	\$'000	19
	Grants for Pensioner Rebates (w11b + s12b)		

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



## **Independent auditor's report to the Councillors of the Bombala Council and the Chief Executive Officer of the Division of Local Government**

We have audited the accompanying financial report, being a special purpose financial report, of the Bombala Council, which comprises the statement by councillors and management, statement of financial position as at 30<sup>th</sup> June, 2013, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

### **Councils' Responsibility for the Financial Report**

The council is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial requirements of National Competition Policy reporting and are appropriate to meet the needs of the council. The council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report 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 members. 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial report 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 report.

The financial report has been prepared for distribution to the council and the Division of Local Government for the purpose of fulfilling council's financial reporting requirements under National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the council or the Division of Local Government or for any purpose other than that for which it was prepared.

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



**Independence**

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

**Auditor's Opinion**

In our opinion, the special purpose financial report presents fairly, in all material respects the financial position of Bombala Council as at 30 June, 2013 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

**AUSWILD & CO.**



G.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA  
28<sup>th</sup> November, 2013

# Bombala Council

SPECIAL SCHEDULES  
for the year ended 30 June 2013

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*"Bombala Council Area - retaining visual beauty  
whilst embracing a quiet relaxed lifestyle and a  
progressive diversified community".*



# Bombala Council

## Special Schedules

for the financial year ended 30 June 2013

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<sup>1</sup> Special Purpose Schedules are not audited.

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### 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.

## Bombala Council

# Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	306	-	-	(306)
<b>Administration</b>	2,456	485	-	(1,971)
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	429	194	599	364
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	4	4	-	-
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	433	198	599	364
<b>Health</b>	4	3	-	(1)
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	79	40	-	(39)
Other Environmental Protection	17	13	-	(4)
Solid Waste Management	329	336	-	7
Street Cleaning	-	-	-	-
Drainage	28	-	-	(28)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	453	389	-	(64)
<b>Community Services and Education</b>				
Administration & Education	364	476	-	112
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	83	46	-	(37)
Children's Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	447	522	-	75
<b>Housing and Community Amenities</b>				
Public Cemeteries	76	55	-	(21)
Public Conveniences	22	-	-	(22)
Street Lighting	30	3	-	(27)
Town Planning	217	108	18	(91)
Other Community Amenities	139	19	-	(120)
<b>Total Housing and Community Amenities</b>	484	185	18	(281)
<b>Water Supplies</b>	712	640	1	(71)
<b>Sewerage Services</b>	599	479	2	(118)

## Bombala Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Recreation and Culture</b>				
Public Libraries	117	31	-	(86)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	143	26	-	(117)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	108	18	272	182
Parks & Gardens (Lakes)	220	1	35	(184)
Other Sport and Recreation	3	1	-	(2)
<b>Total Recreation and Culture</b>	<b>591</b>	<b>77</b>	<b>307</b>	<b>(207)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	56	156	-	100
<b>Total Mining, Manufacturing and Const.</b>	<b>56</b>	<b>156</b>	-	<b>100</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	327	-	-	(327)
Sealed Rural Roads (SRR) - Local	393	-	1,489	1,096
Sealed Rural Roads (SRR) - Regional	499	957	-	458
Unsealed Rural Roads (URR) - Local	990	124	-	(866)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	560	-	-	(560)
Bridges on URR - Local	115	-	-	(115)
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	66	-	-	(66)
Aerodromes	1	-	-	(1)
Other Transport & Communication	-	-	-	-
<b>Total Transport and Communication</b>	<b>2,951</b>	<b>1,081</b>	<b>1,489</b>	<b>(381)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	75	72	-	(3)
Other Economic Affairs	3,888	3,760	-	(128)
<b>Total Economic Affairs</b>	<b>3,963</b>	<b>3,832</b>	-	<b>(131)</b>
<b>Totals – Functions</b>	<b>13,455</b>	<b>8,047</b>	<b>2,416</b>	<b>(2,992)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>4,007</b>		<b>4,007</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>13,455</b>	<b>12,054</b>	<b>2,416</b>	<b>1,015</b>

(1) As reported in the Income Statement

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



# Bombala Council

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

for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	56	64	120	-	120	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>56</b>	<b>64</b>	<b>120</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>56</b>	<b>64</b>	<b>120</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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).

## Bombala Council

## Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	79	73
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	2
b. Maintenance expenses	1	10
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	72	65
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	-	1
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	41	32
h. Energy costs	55	29
i. Maintenance expenses	9	8
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	131	93
k. Chemical costs	38	61
l. Maintenance expenses	21	22
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	-	-
<b>3. Depreciation expenses</b>		
a. System assets	265	151
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>712</b>	<b>547</b>

## Bombala Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	349	335
b. Usage charges	55	88
<b>7. Non-residential charges</b>		
a. Access (including rates)	75	71
b. Usage charges	53	4
<b>8. Extra charges</b>	6	1
<b>9. Interest income</b>	87	109
<b>10. Other income</b>	6	9
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	10	10
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	1	3
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<b>642</b>	<b>630</b>
<b>14. Gain (or loss) on disposal of assets</b>	-	-
<b>15. Operating Result</b>	<b>(70)</b>	<b>83</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(70)	83

## Bombala Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	93	52
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>93</b>	<b>52</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	756	732
b. Residential (unoccupied, ie. vacant lot)	28	28
c. Non-residential (occupied)	154	174
d. Non-residential (unoccupied, ie. vacant lot)	2	2
<b>25. Number of ETs for which developer charges were received</b>	1 ET	2 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 18,725	\$ 18,244

## Bombala Council

# Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/> NO	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
	<input type="checkbox"/> YES	<input type="checkbox"/>	
<b>NB.</b> 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 <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<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.



## Bombala Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	39	-	39
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,956	-	1,956
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	54	-	54
c. User Charges	126	-	126
d. Other	-	-	-
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	11,189	11,189
b. Plant and equipment	-	153	153
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>2,175</b>	<b>11,342</b>	<b>13,517</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	-	-	-
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>41. NET ASSETS COMMITTED</b>	<b>2,175</b>	<b>11,342</b>	<b>13,517</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			4,688
<b>43. Asset revaluation reserve</b>			8,829
<b>44. TOTAL EQUITY</b>			<b>13,517</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			19,084
<b>46. Accumulated current cost</b> depreciation of system assets			(7,895)
<b>47. Written down current cost</b> of system assets			11,189

## Bombala Council

## Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	76	63
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	1
b. Maintenance expenses	20	11
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	19	25
d. Energy costs	21	16
e. Maintenance expenses	16	21
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	18	14
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	79	68
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	349	154
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	1	3
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>599</b>	<b>376</b>

## Bombala Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

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

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	326	310
<b>7. Non-residential charges</b>		
a. Access (including rates)	63	59
b. Usage charges	1	8
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	3	-
<b>10. Interest income</b>	78	90
<b>11. Other income</b>	-	3
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	9	9
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	2	2
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<b>482</b>	<b>481</b>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<b>(117)</b>	<b>105</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(117)	105

## Bombala Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

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

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	26	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	41	12
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>67</b>	<b>12</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	685	685
b. Residential (unoccupied, ie. vacant lot)	119	-
c. Non-residential (occupied)	9	119
d. Non-residential (unoccupied, ie. vacant lot)	-	9
<b>26. Number of ETs for which developer charges were received</b>	2 ET	2 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 17,106	\$ 16,669

## Bombala Council

# Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/> NO	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> NO	
<b>NB.</b> 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"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
<b>**</b> In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text"/> -
<p>* Councils which have not yet implemented best practice sewer pricing &amp; liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.</p>			



## Bombala Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	21	-	21
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,827	-	1,827
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	23	-	23
c. User Charges	-	-	-
d. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	13,252	13,252
b. Plant and equipment	-	164	164
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>1,871</b>	<b>13,416</b>	<b>15,287</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	-	-	-
<b>39. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>42. NET ASSETS COMMITTED</b>	<b>1,871</b>	<b>13,416</b>	<b>15,287</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			4,395
<b>44. Asset revaluation reserve</b>			10,892
<b>45. TOTAL EQUITY</b>			<b>15,287</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			28,272
<b>47. Accumulated current cost</b> depreciation of system assets			(15,020)
<b>48. Written down current cost</b> of system assets			13,252

## Bombala Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2013

#### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

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

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

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

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

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

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

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

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

**Residential charges** <sup>(2)</sup> (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** <sup>(2)</sup> (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:

<sup>(1)</sup> 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).

<sup>(2)</sup> 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.

Special Schedule No. 7 - Condition of Public Works  
as at 30 June 2013

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup> .	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
<b>Buildings</b>		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>>							
	Council Offices	1 - 3%	23		2,077	1,903	174	2	50	8	4
	Council Works Depot	1 - 3%	8		991	758	233	3	100	58	58
	Council Halls	1 - 3%	69		6,382	5,420	962	3	1,000	29	20
	Council Houses	1 - 3%	24		4,590	2,889	1,701	3	50	27	18
	Library		14		1,035	155	880	2	-	1	-
	Amenities/Toilets	1 - 3%	8		1,122	576	546	3	200	26	24
	Fire Sheds	1 - 3%	17		1,130	438	692	3	-	7	7
	Buildings in Parks		10		2,434	1,152	1,282	3	-	10	-
	Caravan Parks		1		382	262	120	3	-	2	-
	Other		3		1,192	597	595	3	150	50	-
	<b>sub total</b>		<b>177</b>	<b>-</b>	<b>21,335</b>	<b>14,150</b>	<b>7,185</b>		<b>1,550</b>	<b>218</b>	<b>131</b>
<b>Other Structures</b>											
	Assets not included in Buildings	1 - 3%	19		511	134	377	3	100	10	8
	<b>sub total</b>		<b>19</b>	<b>-</b>	<b>511</b>	<b>134</b>	<b>377</b>		<b>100</b>	<b>10</b>	<b>8</b>
<b>Public Roads</b>											
	Sealed Roads	1 - 3%	587		41,524	13,727	27,797	3	-	315	120
	Unsealed Roads	1 - 3%	38		4,967	1,842	3,125	3	5,000	320	318
	Bridges	1 - 4%	560		40,363	17,873	22,490	3	3,000	300	115
	Footpaths		67		2,510	1,606	904	-	-	-	-
	Kerb and Gutter		28		1,665	1,385	280	-	-	-	-
	Town Streets		60		3,010	2,080	930	3	500	206	206
	<b>sub total</b>		<b>1,340</b>	<b>-</b>	<b>94,039</b>	<b>38,513</b>	<b>55,526</b>		<b>8,500</b>	<b>1,141</b>	<b>759</b>

Special Schedule No. 7 - Condition of Public Works (continued)  
as at 30 June 2013

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
<b>Water</b>		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Treatment Plants	2 - 7%	24		1,987	839	1,148	3	300	-	49
	Reservoirs		26		2,536	1,026	1,510	3	100	-	15
	Dams		6		610	216	394	3	500	-	113
	Pipeline	1.25%	179		13,189	5,521	7,668	3	500	-	181
	Pump Station	2 - 7%	30		762	293	469	3	100	-	15
	<b>sub total</b>		<b>265</b>	<b>-</b>	<b>19,084</b>	<b>7,895</b>	<b>11,189</b>		<b>1,500</b>	<b>-</b>	<b>373</b>
<b>Sewerage</b>											
	Pump Stations	2 - 7%	6		501	253	248	3	200	-	38
	Pipeline	1.25%	308		24,938	13,260	11,678	3	1,000	-	336
	Treatment Works	2 - 7%	35		2,833	1,507	1,326	3	2,700	-	46
	<b>sub total</b>		<b>349</b>	<b>-</b>	<b>28,272</b>	<b>15,020</b>	<b>13,252</b>		<b>3,900</b>	<b>-</b>	<b>420</b>



Special Schedule No. 7 - Condition of Public Works (continued)  
as at 30 June 2013

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup> .	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
Drainage Works		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Infrastructure	1 - 2%	24		961	558	403	3	200	20	9
	sub total			24	-	961	558	403		200	20
	TOTAL - ALL ASSETS		2,174	-	164,202	76,270	87,932		15,750	1,389	1,700

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



## Bombala Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual <sup>(1)</sup> 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	14,470	9,119	8,633	8,823	9,021	9,244	9,453	9,679	9,900	9,817	10,068
Expenses from continuing operations	13,455	9,066	9,131	9,315	9,530	9,697	9,888	10,080	10,311	10,467	10,671
<b>Operating Result from Continuing Operations</b>	<b>1,015</b>	<b>53</b>	<b>(498)</b>	<b>(492)</b>	<b>(509)</b>	<b>(453)</b>	<b>(435)</b>	<b>(401)</b>	<b>(411)</b>	<b>(650)</b>	<b>(603)</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	1,557	-	-	-	-	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	2,820	3,407	1,626	1,885	1,820	1,872	1,673	1,663	1,663	1,365	1,589
<b>Total Capital Budget</b>	<b>4,377</b>	<b>3,407</b>	<b>1,626</b>	<b>1,885</b>	<b>1,820</b>	<b>1,872</b>	<b>1,673</b>	<b>1,663</b>	<b>1,663</b>	<b>1,365</b>	<b>1,589</b>
<b>Funded by:</b>											
– Loans	-	-	-	-	-	-	-	-	-	-	-
– Asset sales	244	182	56	230	148	50	43	125	93	16	33
– Reserves	1,149	871	297	277	304	280	545	724	738	763	655
– Grants/Contributions	2,170	330	-	-	-	-	-	-	-	-	-
– Recurrent revenue	-	-	-	-	-	-	-	-	-	-	-
– Other	814	2,024	1,273	1,378	1,368	1,542	1,085	814	832	586	901
	<b>4,377</b>	<b>3,407</b>	<b>1,626</b>	<b>1,885</b>	<b>1,820</b>	<b>1,872</b>	<b>1,673</b>	<b>1,663</b>	<b>1,663</b>	<b>1,365</b>	<b>1,589</b>

## Notes:

(1) From 12/13 Income Statement.

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

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