



# KYOGLE COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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**Gateway to the Rainforests**



# KYOGLE 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 KYOGLE COUNCIL.

(ii) KYOGLE 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 October 2013. Council has the power to amend and reissue these financial statements.

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## KYOGLE 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:



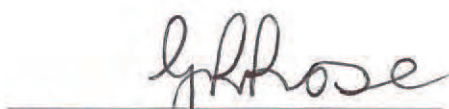
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 28 October 2013.

  
\_\_\_\_\_  
Danielle Mulholland  
MAYOR  
\_\_\_\_\_  
Maggie Creedy  
COUNCILLOR  
\_\_\_\_\_  
Arthur Piggott  
GENERAL MANAGER  
\_\_\_\_\_  
Glenn Rose  
RESPONSIBLE ACCOUNTING OFFICER

## KYOGLE COUNCIL

### Income Statement

for the financial year ended 30 June 2013

<b>Budget</b> <sup>(1)</sup>			<b>Actual</b>	<b>Actual</b>
<b>2013</b>	<b>\$ '000</b>	<b>Notes</b>	<b>2013</b>	<b>2012</b>
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
6,906	Rates & Annual Charges	3a	7,038	6,772
3,348	User Charges & Fees	3b	7,575	6,129
481	Interest & Investment Revenue	3c	800	985
26	Other Revenues	3d	23	60
4,971	Grants & Contributions provided for Operating Purposes	3e,f	7,277	8,600
2,266	Grants & Contributions provided for Capital Purposes	3e,f	4,839	4,582
<b>Other Income:</b>				
406	Net gains from the disposal of assets	5	-	-
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>18,404</b>	<b>Total Income from Continuing Operations</b>		<b>27,552</b>	<b>27,128</b>
<b>Expenses from Continuing Operations</b>				
7,229	Employee Benefits & On-Costs	4a	6,625	6,653
113	Borrowing Costs	4b	121	183
3,439	Materials & Contracts	4c	9,477	8,080
4,150	Depreciation & Amortisation	4d	7,589	7,658
	Impairment	4d	-	-
1,933	Other Expenses	4e	1,812	1,728
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	1,493	3,223
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>16,864</b>	<b>Total Expenses from Continuing Operations</b>		<b>27,117</b>	<b>27,525</b>
<b>1,540</b>	<b>Operating Result from Continuing Operations</b>		<b>435</b>	<b>(397)</b>
<b>Discontinued Operations</b>				
	Net Profit/(Loss) from Discontinued Operations		-	-
<b>1,540</b>	<b>Net Operating Result for the Year</b>		<b>435</b>	<b>(397)</b>
1,540	Net Operating Result attributable to Council		435	(397)
	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(726)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(4,404)</b>	<b>(4,979)</b>

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

## KYOGLE 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>435</b>	<b>(397)</b>
<b>Other Comprehensive Income:</b>			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	10,916	21,715
Adjustment to correct prior period errors		-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in reserves ( <a href="#">enter details here</a> )	20b (ii)	-	-
Other Movements ( <a href="#">enter details here</a> )		-	-
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>10,916</b>	<b>21,715</b>
<b>Total Comprehensive Income for the Year</b>		<b>11,351</b>	<b>21,318</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>11,351</b>	<b>21,318</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

# KYOGLE 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	18,135	18,571
Investments	6b	-	-
Receivables	7	4,334	4,488
Inventories	8	779	736
Other	8	265	256
Non-current assets classified as "held for sale"		-	-
<b>Total Current Assets</b>		<b>23,513</b>	<b>24,051</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	-	-
Infrastructure, Property, Plant & Equipment	9	288,064	277,394
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets		-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>288,064</b>	<b>277,394</b>
<b>TOTAL ASSETS</b>		<b>311,577</b>	<b>301,445</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	1,497	2,553
Borrowings	10	32	31
Provisions	10	1,836	1,786
<b>Total Current Liabilities</b>		<b>3,365</b>	<b>4,370</b>
<b>Non-Current Liabilities</b>			
Payables	10	145	123
Borrowings	10	1,178	1,210
Provisions	10	1,626	1,830
<b>Total Non-Current Liabilities</b>		<b>2,949</b>	<b>3,163</b>
<b>TOTAL LIABILITIES</b>		<b>6,314</b>	<b>7,533</b>
<b>Net Assets</b>		<b>305,263</b>	<b>293,912</b>
<b>EQUITY</b>			
Retained Earnings	20	146,654	146,219
Revaluation Reserves	20	158,609	147,693
<b>Council Equity Interest</b>		<b>305,263</b>	<b>293,912</b>
<b>Non-controlling Interests</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>305,263</b>	<b>293,912</b>

## KYOGLE 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)		146,219	147,693	<b>293,912</b>	-	<b>293,912</b>
a. Correction of Prior Period Errors		-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)		-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>146,219</b>	<b>147,693</b>	<b>293,912</b>	-	<b>293,912</b>
<b>c. Net Operating Result for the Year</b>		<b>435</b>	-	<b>435</b>	-	<b>435</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,916	<b>10,916</b>	-	<b>10,916</b>
<b>Equity - Balance at end of the reporting period</b>		<b>146,654</b>	<b>158,609</b>	<b>305,263</b>	-	<b>305,263</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)		146,616	125,978	<b>272,594</b>	-	<b>272,594</b>
a. Correction of Prior Period Errors		-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)		-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/11)</b>		<b>146,616</b>	<b>125,978</b>	<b>272,594</b>	-	<b>272,594</b>
<b>c. Net Operating Result for the Year</b>		(397)	-	<b>(397)</b>	-	<b>(397)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	21,715	<b>21,715</b>	-	<b>21,715</b>
<b>Equity - Balance at end of the reporting period</b>		<b>146,219</b>	<b>147,693</b>	<b>293,912</b>	-	<b>293,912</b>

## KYOGLE 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>				
6,906	Rates & Annual Charges		6,913	6,432
3,348	User Charges & Fees		8,954	6,327
481	Investment & Interest Revenue Received		814	973
7,237	Grants & Contributions		9,014	12,335
	Bonds, Deposits & Retention amounts received		44	44
26	Other		53	153
<b>Payments:</b>				
(7,229)	Employee Benefits & On-Costs		(6,599)	(6,566)
(3,439)	Materials & Contracts		(10,077)	(7,492)
(113)	Borrowing Costs		(93)	(97)
	Bonds, Deposits & Retention amounts refunded		-	(61)
(1,933)	Other		(2,079)	(2,348)
<b>5,284</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>6,944</b>	<b>9,700</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
799	Sale of Infrastructure, Property, Plant & Equipment		569	608
<b>Payments:</b>				
(6,899)	Purchase of Infrastructure, Property, Plant & Equipment		(7,918)	(7,427)
<b>(6,100)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(7,349)</b>	<b>(6,819)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
300	Proceeds from Borrowings & Advances		-	-
<b>Payments:</b>				
(47)	Repayment of Borrowings & Advances		(31)	(29)
<b>253</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(31)</b>	<b>(29)</b>
<b>(563)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(436)</b>	<b>2,852</b>
11,721	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	18,571	15,719
<b>11,158</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>18,135</b>	<b>18,571</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



## KYOGLE COUNCIL

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

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## Kyogle 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 2012 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 2012.

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

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

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

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

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

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

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated.

## Kyogle Council

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

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

##### **(vii) Critical Accounting Estimates**

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

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

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

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

##### **(b) Revenue recognition**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and

specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

##### **Rates, annual charges, grants and contributions**

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

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

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

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

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

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

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

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

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

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

##### User Charges, Fees and Other Income

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

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

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

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

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

##### Interest and Rents

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

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

##### (c) Principles of Consolidation

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

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

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

##### (i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Water Supply
- Sewerage Service
- Domestic Waste Management

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

Australia Day Committees  
Progress Associations

The **(i)** total income and expenditure from continuing operations and **(ii)** the net assets held by these excluded Committees & Operations is as follows:

## Kyogle Council

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

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

<b>Total income from continuing operations</b>	\$0
<b>Total expenditure from continuing operations</b>	\$10,000
<b>Total net assets held (ie Equity)</b>	\$4,000

**Note:**

Where actual figures are not known, best estimates have been applied.

#### (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 reports.

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

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

##### Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated throughout the financial statements under the appropriate headings.

##### Jointly Controlled Entities

Any interests in joint venture entities and partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings and reserves is recognised in the statement of financial position.

#### (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 and partnerships.

Such entities are usually termed associates.

#### (v) County Councils

Council is a member of the Far North Coast County Council, a body corporate established under the Local Government Act to control weeds in the Far North Coast area. Council is one of 6 constituent members and neither controls or significantly influences the County Council. Accordingly, the County Council has not been consolidated or otherwise included in the financial statements.

#### (vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

#### (d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

##### Finance Leases

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

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

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

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

## Kyogle Council

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

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

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

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

##### Operating Leases

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

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

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

##### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

##### (f) Investments and Other Financial Assets

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

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

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

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

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

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

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

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/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

## Kyogle Council

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

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

and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

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

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

##### **(iv) Available-for-sale financial assets**

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

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

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

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

##### **Financial assets – reclassification**

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

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

Council may also choose to reclassify financial assets that would meet the definition of loans and 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.

## Kyogle 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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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 the end of each reporting period 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. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (g) Fair value estimation

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

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



## Kyogle Council

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

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

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

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

Impairment losses are recognised in the income statement within other expenses.

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

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

##### (i) Inventories

###### **Raw materials and stores, work in progress and finished goods**

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

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

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

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

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

###### **Land held for resale/capitalisation of borrowing costs**

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

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

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

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

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

##### **(j) Infrastructure, property, plant and equipment (I,PP&E)**

###### **Acquisition of assets**

Council's non current assets are progressively revalued to fair value in accordance with a staged implementation advised by the Division of Local Government.

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

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

## Kyogle Council

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

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

- **Community Land** (External Valuation)
- **Land Improvements** (Internal Valuation)
- **Other Structures** (External Valuation)
- **Other Assets**  
(as approximated by depreciated historical cost)

##### Initial Recognition

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

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

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

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

##### Subsequent costs

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

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

##### Asset revaluations (including indexation)

In accounting for asset revaluations relating to infrastructure, property, plant & equipment:

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

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

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

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

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

##### Capitalisation Thresholds

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

##### Land

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

##### Plant & Equipment

Office furniture	> \$1,000
Office equipment	> \$1,000
Other plant & equipment	> \$1,000

##### Buildings & Land Improvements

Park furniture & equipment	> \$2,000
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## Kyogle Council

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

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

Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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#### Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

#### Stormwater Assets

Drains & culverts	> \$5,000
Other	> \$5,000

#### Transport Assets

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

Bridge construction & reconstruction	> \$10,000
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#### Transportation Assets

- Sealed roads : surface	10 to 30 years
- Sealed roads : structure	100 years
- Unsealed roads	20 years
- Bridge : concrete	80 to 100 years
- Bridge : other	50 years
- Road pavements	60 years
- Kerb, gutter & paths	40 years

#### Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : other	25 to 75 years
- Pumps and telemetry	15 to 20 years

#### Other Infrastructure Assets

- Bulk earthworks	Infinite
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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	3 years
- Vehicles	5 to 12 years
- Heavy plant/road making equip.	5 to 12 years
- Other plant and equipment	5 to 15 years

#### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

#### Buildings

- Buildings : masonry	50 to 100 years
- Buildings : other	20 to 40 years

#### Stormwater Drainage

- Drains	70 to 100 years
- Culverts	80 to 100 years

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

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

#### Disposal and De-recognition

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

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

#### (k) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either operational or community.

## Kyogle 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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This classification of land is disclosed in Note 9(a).

##### **(l) Land under roads**

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

##### **(m) Intangible Assets**

Council has not classified any assets as intangible.

##### **(n) Crown Reserves**

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

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

Improvements on crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's income statement.

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

##### **(o) Rural Fire Service assets**

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

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

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

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

Council has not classified any property as investment property.

##### **(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, e.g. 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.

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

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

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

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

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the income statement.

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

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

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

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

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

Specific Information relating to Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

#### **(r) Non-current assets (or disposal groups) "held for sale" & discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in non current assets under the classification of infrastructure, property, plant and equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Borrowings are subsequently measured at amortised cost.

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

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

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

##### **(v) Borrowing costs**

Borrowing costs are expensed, except to the extent that they are incurred during the construction of qualifying assets.

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

##### **(w) Provisions**

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

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

Provisions are not recognised for future operating losses.

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

## Kyogle 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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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 statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

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

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the “Local Government Superannuation Scheme – Pool B” (the scheme).

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4(a) for the year ending 30 June 2013 was \$241,192.

The amount of additional contributions included in the total employer contribution advised above is \$96,995.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$450,964 as at 30 June 2013.

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

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

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

#### Defined contribution plans

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

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

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

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 30 June 2013.

#### (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.



## Kyogle Council

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

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

##### (aa) Taxes

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

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

##### Goods & Services Tax (GST)

Revenue, 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 or expense.

Receivables and payables within the statement of financial position are stated inclusive of any applicable GST.

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

Operating cash flows within the 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.

## Kyogle Council

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

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

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

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

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

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

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

##### **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.

## Kyogle Council

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

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

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

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

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

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

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

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 on page 23 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.

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

AASB 116 - clarifies the classification of servicing equipment.

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

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

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

## KYOGLE COUNCIL

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

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

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

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

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

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

**WATER SUPPLIES** - all matters relating to the provision of Water Supplies.

**SEWERAGE SERVICES** - all matters relating to the provision of Sewerage Services.

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

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

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

Building control, abattoirs, quarries & pits, other.

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

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

##### **ECONOMIC AFFAIRS**

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

## KYOGLE COUNCIL

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

#### Note 3. Income from Continuing Operations

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,922	1,860
Farmland		2,509	2,457
Mining		-	-
Business		220	224
Other		-	-
<b>Total Ordinary Rates</b>		<b>4,651</b>	<b>4,541</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		751	699
Stormwater Management Services		-	-
Water Supply Services		549	512
Sewerage Services		891	833
Drainage		45	45
Waste Management Services (non-domestic)		151	142
Other		-	-
<b>Total Annual Charges</b>		<b>2,387</b>	<b>2,231</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>7,038</b>	<b>6,772</b>

Council has used 2009 year valuations provided by the NSW Valuer General in calculating its rates.

## KYOGLE 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)			
Domestic Waste Management Services		-	-
Water Supply Services		479	443
Sewerage Services		188	192
Drainage Services		-	-
Waste Management Services (non-domestic)		379	376
Other		-	-
<b>Total User Charges</b>		<b>1,046</b>	<b>1,011</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Art Galleries		5	4
Building Services - Other		23	32
Cemeteries		79	103
Inspection Services		62	32
Planning & Building Regulation		107	95
Pools		109	85
Private Works - Section 67		155	89
Quarries		662	460
RMS (formerly RTA) Charges (State Roads not controlled by Council)		5,140	4,043
Section 603 Certificates		12	11
Other		175	164
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>6,529</b>	<b>5,118</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>7,575</b>	<b>6,129</b>



## KYOGLE 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)		138	125
- Interest earned on Investments (interest & coupon payment income)		647	829
- Interest & Dividend Income (Other)		15	31
<b>Other</b>		-	-
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>800</u></b>	<b><u>985</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		116	105
General Council Cash & Investments		642	802
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		14	30
- Section 64		1	1
Water Fund Operations		5	10
Sewerage Fund Operations		15	37
Domestic Waste Management operations		7	-
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>800</u></b>	<b><u>985</u></b>
<b>(d) Other Revenues</b>			
Other		23	60
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>23</u></b>	<b><u>60</u></b>

## KYOGLE 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	3,631	4,685	-	-
Pensioners' Rates Subsidies - General Component	116	109	-	-
Other Grants	-	-	-	-
<b>Total General Purpose</b>	<b>3,747</b>	<b>4,794</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	27	27	-	-
- Sewerage	26	26	-	-
- Domestic Waste Management	28	33	-	-
Water Supplies	-	22	24	-
Sewerage Services	-	1	-	-
Community Projects	28	37	25	391
Flood Mitigation	-	-	-	262
Flood Restoration	384	257	-	-
Library	55	39	-	-
NSW Rural Fire Services	-	(126)	(3)	3
Street Lighting	32	31	-	-
Transport (Other Roads & Bridges Funding)	2,064	2,637	2,001	682
Other	50	30	164	56
<b>Total Specific Purpose</b>	<b>2,694</b>	<b>3,014</b>	<b>2,211</b>	<b>1,394</b>
<b>Total Grants</b>	<b>6,441</b>	<b>7,808</b>	<b>2,211</b>	<b>1,394</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	3,634	4,685	829	1,062
- State Funding	2,807	3,123	1,382	332
- Other Funding	-	-	-	-
	<b>6,441</b>	<b>7,808</b>	<b>2,211</b>	<b>1,394</b>

## KYOGLE COUNCIL

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

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	123	111
S 64 - Water Supply Contributions	-	-	2	49
S 64 - Sewerage Service Contributions	-	-	2	49
S 64 - Stormwater Contributions	-	-	1	39
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>128</b>	<b>248</b>
<b>Other Contributions:</b>				
Goanna Creek Road Infrastructure	-	-	-	51
Lions Club	-	-	42	100
Mayfield Estate Infrastructure	-	-	-	2,017
Crown Reserve Assets	-	-	1,785	-
Oxbow Road Infrastructure	-	-	384	-
Other Councils - Joint Works/Services	-	-	-	88
Ritchies IGA Infrastructure	-	-	-	140
RMS Contributions (Regional Roads, Block Grant)	825	792	241	544
Other	11	-	48	-
<b>Total Other Contributions</b>	<b>836</b>	<b>792</b>	<b>2,500</b>	<b>2,940</b>
<b>Total Contributions</b>	<b>836</b>	<b>792</b>	<b>2,628</b>	<b>3,188</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>7,277</b>	<b>8,600</b>	<b>4,839</b>	<b>4,582</b>

## KYOGLE COUNCIL

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

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

<b>\$ '000</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
<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	867	1,071
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	429	867
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(867)	(1,071)
<b>Net Increase/(Decrease) in Restricted Assets during the Period</b>	<b>(438)</b>	<b>(204)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>429</b>	<b>867</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	47	298
- Developer Contributions	382	569
- Other Contributions	-	-
	<b>429</b>	<b>867</b>

## KYOGLE 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		5,468	5,040
Employee Leave Entitlements (ELE)		952	1,071
Superannuation - Defined Contribution Plans		451	421
Superannuation - Defined Benefit Plans		241	252
Workers' Compensation Insurance		221	402
Fringe Benefit Tax (FBT)		32	25
Training Costs (other than Salaries & Wages)		153	93
Other		66	70
<b>Total Employee Costs</b>		<b>7,584</b>	<b>7,374</b>
less: Capitalised Costs		(959)	(721)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>6,625</b>	<b>6,653</b>
Number of "Equivalent Full Time" Employees at year end		<b>89</b>	<b>90</b>
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)			-
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		93	96
Other Debts		-	-
<b>Total Interest Bearing Liability Costs</b>		<b>93</b>	<b>96</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>93</b>	<b>96</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)		-	-
- Remediation Liabilities	26	28	87
- Other Liabilities		-	-
Other Borrowing Costs		-	-
<b>Total Other Borrowing Costs</b>		<b>28</b>	<b>87</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>121</b>	<b>183</b>

## KYOGLE 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		9,391	7,921
Auditors Remuneration <sup>(1)</sup>		47	46
Legal Expenses:			
- Legal Expenses: Planning & Development		-	108
- Legal Expenses: Other		39	5
Other		-	-
<b>Total Materials &amp; Contracts</b>		<b>9,477</b>	<b>8,080</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>9,477</u></b>	<b><u>8,080</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	39	37
- Other Audit services	8	9
<b>Remuneration for audit and other assurance services</b>	<b>47</b>	<b>46</b>

## KYOGLE 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		-	-	988	992
Office Equipment		-	-	84	87
Furniture & Fittings		-	-	2	2
Land Improvements (depreciable)		-	-	64	51
Buildings - Non Specialised		-	-	74	83
Buildings - Specialised		-	-	308	304
Other Structures		-	-	187	192
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	5,375	5,411
- Stormwater Drainage		-	-	106	122
- Water Supply Network		-	-	190	188
- Sewerage Network		-	-	193	336
Asset Reinstatement Costs	9 & 26	-	-	18	54
<b>Total Depreciation &amp; Impairment Costs</b>		-	-	<b>7,589</b>	<b>7,822</b>
less: Capitalised Costs		-	-	-	-
less: Asset Reinstatement Costs - Write Back		-	-	-	(164)
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		-	-	<b>7,589</b>	<b>7,658</b>

## KYOGLE COUNCIL

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

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

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		40	55
Bad & Doubtful Debts		3	(84)
Councillor Expenses - Mayoral Fee		22	22
Councillor Expenses - Councillors' Fees		92	90
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		24	24
Donations, Contributions & Assistance to other organisations (Section 356)		226	222
Electricity & Heating		358	302
Emergency Services		138	202
Insurance		432	433
Regional Library		313	289
Street Lighting		83	105
Subscriptions & Publications		18	17
Telephone & Communications		63	51
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,812</u></b>	<b><u>1,728</u></b>



## KYOGLE COUNCIL

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

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

<b>\$ '000</b>	Notes	<b>Actual 2013</b>	<b>Actual 2012</b>
<b>Property</b> (excl. Investment Property)			
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		569	608
less: Carrying Amount of P&E Assets Sold / Written Off		(484)	(488)
<b>Net Gain/(Loss) on Disposal</b>		<b>85</b>	<b>120</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(1,578)	(3,343)
<b>Net Gain/(Loss) on Disposal</b>		<b>(1,578)</b>	<b>(3,343)</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,493)</b>	<b>(3,223)</b>

## KYOGLE 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	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		5,235	-	5,671	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		12,900	-	12,900	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>18,135</b>	<b>-</b>	<b>18,571</b>	<b>-</b>
Investments (Note 6b)					
Nil					

## KYOGLE COUNCIL

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

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

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>18,135</b>	<b>-</b>	<b>18,571</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	1,426	-	2,693	-
Internal Restrictions (refer below)	16,709	-	15,681	-
Unrestricted	-	-	197	-
	<b>18,135</b>	<b>-</b>	<b>18,571</b>	<b>-</b>

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

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	-	-	-	-
Specific Purpose Unexpended Loans-Water (A)	-	-	-	-
Specific Purpose Unexpended Loans-Sewer (A)	-	-	-	-
RMS (formerly RTA) Advances (B)	-	-	-	-
Self Insurance Claims (C)	-	-	-	-
Retention Bonds & Deposits	246	44	-	290
<b>External Restrictions - Included in Liabilities</b>	<b>246</b>	<b>44</b>	<b>-</b>	<b>290</b>

##### External Restrictions - Other

Developer Contributions - General (D)	546	145	(337)	354
Developer Contributions - Water Fund (D)	-	2	-	2
Developer Contributions - Sewer Fund (D)	23	2	-	26
RMS (formerly RTA) Contributions (E)	-	-	-	-
Specific Purpose Unexpended Grants (F)	298	28	(279)	47
Water Supplies (G)	637	-	(637)	-
Sewerage Services (G)	870	-	(163)	707
Domestic Waste Management (G)	73	-	(73)	-
Stormwater Management (G)	-	-	-	-
<b>External Restrictions - Other</b>	<b>2,447</b>	<b>177</b>	<b>(1,489)</b>	<b>1,136</b>
<b>Total External Restrictions</b>	<b>2,693</b>	<b>221</b>	<b>(1,489)</b>	<b>1,426</b>

## KYOGLE 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	6,181	-	(1,187)	4,994
Building Replacement	462	-	(275)	187
Employees Leave Entitlement	1,138	37	-	1,175
Carry Over Works	3,608	4,290	(3,608)	4,290
Commercial Waste	754	-	(148)	606
Emergency Works	300	-	-	300
Information Technology	100	-	-	100
Quarries	884	193	-	1,077
Roads & Bridges	1,490	-	-	1,490
Stormwater Management	200	-	-	200
Transport	564	1,726	-	2,290
<b>Total Internal Restrictions</b>	<b>15,681</b>	<b>6,246</b>	<b>(5,218)</b>	<b>16,709</b>
<b>TOTAL RESTRICTIONS</b>	<b>18,374</b>	<b>6,467</b>	<b>(6,707)</b>	<b>18,135</b>

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by Roads and Maritime Services (RMS) for works on the State's classified roads.
- C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained (refer Note 1).
- G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## KYOGLE 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		1,165	26	1,040	21
Interest & Extra Charges		93	-	105	-
User Charges & Fees		754	-	2,138	-
Accrued Revenues					
- Interest on Investments		31	-	33	-
Government Grants & Subsidies		2,199	-	1,055	-
Net GST Receivable		111	-	141	-
Other Debtors		1	-	1	-
<b>Total</b>		<b>4,354</b>	<b>26</b>	<b>4,513</b>	<b>21</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		-	(26)	-	(21)
User Charges & Fees		(20)	-	(25)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(20)</b>	<b>(26)</b>	<b>(25)</b>	<b>(21)</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>4,334</u></b>	<b><u>-</u></b>	<b><u>4,488</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		174	-	148	-
- Other		114	-	152	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		214	-	185	-
- Other		70	-	72	-
<b>Domestic Waste Management</b>		141	-	130	-
<b>Total External Restrictions</b>		<b>713</b>	<b>-</b>	<b>687</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>3,621</b>	<b>-</b>	<b>3,801</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>4,334</b>	<b>-</b>	<b>4,488</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.

## KYOGLE 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>					
Stores & Materials		609	-	547	-
Trading Stock		170	-	189	-
<b>Total Inventories</b>		<b>779</b>	<b>-</b>	<b>736</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		265	-	256	-
<b>Total Other Assets</b>		<b>265</b>	<b>-</b>	<b>256</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,044</b>	<b>-</b>	<b>992</b>	<b>-</b>

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

# KYOGLE COUNCIL

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

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

	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	WIP Transfers	Adjustments & Transfers	Revaluation Increments /(Decrements)	At Cost	At Fair Value	Accumulated		Carrying Value		
			Dep'n	Impairment										Dep'n	Impairment			
\$ '000																		
Capital Work in Progress	1,221	-	-	-	1,221	1,061	(484)	(988)	(1,086)			1,196	-	-	-	1,196		
Plant & Equipment	-	12,546	6,175	-	6,371	1,490						-	12,915	6,526	-	6,389		
Office Equipment	-	630	463	-	167	36		(84)				-	656	537	-	119		
Furniture & Fittings	-	69	52	-	17			(2)				-	54	39	-	15		
Plant & Equipment (under Finance Lease)	-	-	-	-	-			-				-	-	-	-	-		
Land:																		
- Operational Land	-	4,289	-	-	4,289	520					584	-	5,393	-	-	5,393		
- Community Land	-	1,016	-	-	1,016						(525)	-	491	-	-	491		
- Land under Roads (pre 1/7/08)	-	3,391	-	-	3,391						(1)	-	3,390	-	-	3,390		
- Land under Roads (post 30/6/08)	-	2	-	-	2							-	2	-	-	2		
Land Improvements - non depreciable	-	-	-	-	-							-	-	-	-	-		
Land Improvements - depreciable	-	1,346	306	-	1,040	68		(64)			6	-	1,423	373	-	1,050		
Buildings - Non Specialised	-	3,437	1,801	-	1,636			(74)			846	-	3,616	1,208	-	2,408		
Buildings - Specialised	-	17,932	10,179	-	7,753	1,013	(7)	(308)			1,213	-	20,663	10,999	-	9,664		
Other Structures	-	5,591	2,906	-	2,685	331		(187)			2,694	-	9,658	4,134	-	5,524		
Infrastructure:																		
- Roads, Bridges, Footpaths	-	300,530	117,604	-	182,926	4,781	(1,537)	(5,375)	1,002		4,515	-	309,674	123,361	-	186,313		
- Bulk Earthworks (non-depreciable)	-	14,192	-	-	14,192						334	-	14,525	-	-	14,525		
- Stormwater Drainage	-	22,825	5,392	-	17,433	184		(106)			442	-	23,592	5,639	-	17,953		
- Water Supply Network	-	20,489	9,261	-	11,228	140	(10)	(190)	34		253	-	21,134	9,679	-	11,455		
- Sewerage Network	-	27,502	6,042	-	21,460	41	(24)	(193)			555	-	28,104	6,265	-	21,839		
- Other Infrastructure	-	-	-	-	-			-				-	-	-	-	-	-	
Other Assets:																		
- Heritage Collections	-	-	-	-	-			-				-	-	-	-	-	-	
- Library Books	-	-	-	-	-			-				-	-	-	-	-	-	
- Other	-	2	2	-	-			-				-	-	-	-	-	-	
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																		
- Tip Asset	963	-	444	-	519			(8)		(211)		-	752	452	-	300		
- Quarry Asset	198	-	150	-	48			(10)				-	190	152	-	38		
- Other Assets	-	-	-	-	-			-				-	-	-	-	-	-	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	2,382	435,789	160,777	-	277,394	9,665	(2,062)	(7,589)	(50)	(211)	10,916	1,196	456,232	169,364	-	288,064		

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$5,173) and New Assets (\$2,025). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

# KYOGLE COUNCIL

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

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	307			<b>307</b>	160	-	-	<b>160</b>
Infrastructure		21,134	9,679	<b>11,455</b>	-	20,489	9,261	<b>11,228</b>
<b>Total Water Supply</b>	<b>307</b>	<b>21,134</b>	<b>9,679</b>	<b>11,762</b>	<b>160</b>	<b>20,489</b>	<b>9,261</b>	<b>11,388</b>
<b>Sewerage Services</b>								
WIP	227			<b>227</b>	-	-	-	-
Infrastructure		28,105	6,265	<b>21,840</b>	-	27,502	6,042	<b>21,460</b>
<b>Total Sewerage Services</b>	<b>227</b>	<b>28,105</b>	<b>6,265</b>	<b>22,067</b>	-	<b>27,502</b>	<b>6,042</b>	<b>21,460</b>
<b>Domestic Waste Management</b>								
WIP	7			<b>7</b>	-	-	-	-
- Improvements - depreciable		644	147	<b>497</b>	-	609	121	<b>488</b>
Buildings		15		<b>15</b>	-	-	-	-
Future Reinstatement Costs		752	452	<b>300</b>	963	-	444	<b>519</b>
<b>Total DWM</b>	<b>7</b>	<b>1,411</b>	<b>599</b>	<b>819</b>	<b>963</b>	<b>609</b>	<b>565</b>	<b>1,007</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>541</b>	<b>50,650</b>	<b>16,543</b>	<b>34,648</b>	<b>1,123</b>	<b>48,600</b>	<b>15,868</b>	<b>33,855</b>



## KYOGLE COUNCIL

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

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

\$ '000	Notes	Actual 2013	Actual 2012
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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## KYOGLE 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		1,078	-	1,635	-
Goods & Services - capital expenditure		-	-	471	-
Accrued Expenses:					
- Borrowings		6	-	6	-
- Salaries & Wages		220	-	242	-
- Other Expenditure Accruals		48	-	76	-
Security Bonds, Deposits & Retentions		145	145	123	123
<b>Total Payables</b>		<b>1,497</b>	<b>145</b>	<b>2,553</b>	<b>123</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		32	1,178	31	1,210
<b>Total Borrowings</b>		<b>32</b>	<b>1,178</b>	<b>31</b>	<b>1,210</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		577	-	594	-
Long Service Leave		1,138	112	1,052	133
<b>Sub Total - Aggregate Employee Benefits</b>		<b>1,715</b>	<b>112</b>	<b>1,646</b>	<b>133</b>
Asset Remediation/Restoration (Future Works)	26	-	1,514	-	1,697
Other		121	-	140	-
<b>Total Provisions</b>		<b>1,836</b>	<b>1,626</b>	<b>1,786</b>	<b>1,830</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>3,365</b>	<b>2,949</b>	<b>4,370</b>	<b>3,163</b>

#### (i) Liabilities relating to Restricted Assets

	2013		2012	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Water	90	256	582	267
Sewer	85	923	70	943
Domestic Waste Management	-	1,213	90	1,382
Other	290	-	246	-
<b>Liabilities relating to externally restricted assets</b>	<b>465</b>	<b>2,392</b>	<b>988</b>	<b>2,592</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.

## KYOGLE COUNCIL

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

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

<b>\$ '000</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
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#### (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	977	918
---------------------------------	-----	-----

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

<b>Class of Provision</b>	<b>2012</b>	<b>2013</b>		<b>2013</b>		<b>Closing Balance as at 30/6/13</b>
	<b>Opening Balance as at 1/7/12</b>	<b>Additional Provisions</b>	<b>Decrease due to Payments</b>	<b>Remeasurement effects due to Discounting</b>	<b>Unused amounts reversed</b>	
Annual Leave	594	390	(407)	-	-	<b>577</b>
Long Service Leave	1,185	201	(136)	-	-	<b>1,250</b>
Asset Remediation	1,697	-	-	28	(211)	<b>1,514</b>
Other	140	(19)	-	-	-	<b>121</b>
<b>TOTAL</b>	<b>3,616</b>	<b>572</b>	<b>(543)</b>	<b>28</b>	<b>(211)</b>	<b>3,462</b>

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

## KYOGLE 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	18,135	18,571
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>18,135</b>	<b>18,571</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>435</b>	<b>(397)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		7,589	7,658
Net Losses/(Gains) on Disposal of Assets		1,493	3,223
Non Cash Capital Grants and Contributions		(1,958)	(1,580)
Unwinding of Discount Rates on Reinstatement Provisions		28	87
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		154	756
Increase/(Decrease) in Provision for Doubtful Debts		-	(84)
Decrease/(Increase) in Inventories		(43)	218
Decrease/(Increase) in Other Assets		(9)	(8)
Increase/(Decrease) in Payables		(557)	370
Increase/(Decrease) in accrued Interest Payable		-	(1)
Increase/(Decrease) in other accrued Expenses Payable		(50)	41
Increase/(Decrease) in Other Liabilities		44	(17)
Increase/(Decrease) in Employee Leave Entitlements		48	63
Increase/(Decrease) in Other Provisions		(230)	(629)
<b>NET CASH PROVIDED FROM/(USED IN)</b>		<b>6,944</b>	<b>9,700</b>
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>6,944</b>	<b>9,700</b>

## KYOGLE COUNCIL

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

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Subdivider Dedications		384	2,208
Estimated Future Reinstatement Costs		(211)	(628)
Other Dedications		1,785	-
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>1,958</b>	<b>1,580</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Credit Cards / Purchase Cards		5	5
<b>Total Financing Arrangements</b>		<b>5</b>	<b>5</b>

## KYOGLE 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>			
Computer Equipment		75	140
Bridge Construction		451	-
<b>Total Commitments</b>		<b>526</b>	<b>140</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		515	64
Later than one year and not later than 5 years		11	76
Later than 5 years		-	-
<b>Total Payable</b>		<b>526</b>	<b>140</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		75	140
Future Grants & Contributions		160	-
Internally Restricted Reserves		291	-
<b>Total Sources of Funding</b>		<b>526</b>	<b>140</b>

## KYOGLE COUNCIL

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

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) Finance Lease Commitments			
Nil			
(c) Operating Lease Commitments (Non Cancellable)			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		22	22
Later than one year and not later than 5 years		12	34
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>34</b>	<b>56</b>

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

Office Rentals

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

## KYOGLE 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>	21,374	11.01	8.39	7.52
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	1,941			
2. Debt Service Ratio				
Debt Service Cost	124	0.65%	0.67%	0.66%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	19,183			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	7,038	25.54%	24.96%	26.68%
Income from Continuing Operations	27,552			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	1,258	15.12%	14.96%	10.56%
Rates, Annual & Extra Charges Collectible	8,321			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup>	5,173	82.82%	87.01%	53.00%
Depreciation, Amortisation & Impairment	6,246			

#### 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.



## KYOGLE 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>7.80</td></tr><tr><td>2011</td><td>7.52</td></tr><tr><td>2012</td><td>8.39</td></tr><tr><td>2013</td><td>11.01</td></tr></table>	Year	Ratio : 1	2010	7.80	2011	7.52	2012	8.39	2013	11.01	<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> <table><tr><td><b>2012/13 Ratio</b></td><td><b>11.01</b></td></tr></table> <p>Council has adequate unrestricted cash and internal reserves to satisfy its current obligations and has adequate levels of internally restricted funds to meet identified needs.</p>	<b>2012/13 Ratio</b>	<b>11.01</b>
Year	Ratio : 1													
2010	7.80													
2011	7.52													
2012	8.39													
2013	11.01													
<b>2012/13 Ratio</b>	<b>11.01</b>													
<p><b>2. Debt Service Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>0.70%</td></tr><tr><td>2011</td><td>0.66%</td></tr><tr><td>2012</td><td>0.67%</td></tr><tr><td>2013</td><td>0.65%</td></tr></table>	Year	Ratio %	2010	0.70%	2011	0.66%	2012	0.67%	2013	0.65%	<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> <table><tr><td><b>2012/13 Ratio</b></td><td><b>0.65%</b></td></tr></table> <p>Council's debt levels remain low, General Fund remains debt free.</p>	<b>2012/13 Ratio</b>	<b>0.65%</b>
Year	Ratio %													
2010	0.70%													
2011	0.66%													
2012	0.67%													
2013	0.65%													
<b>2012/13 Ratio</b>	<b>0.65%</b>													
<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>25.70%</td></tr><tr><td>2011</td><td>26.68%</td></tr><tr><td>2012</td><td>24.96%</td></tr><tr><td>2013</td><td>25.54%</td></tr></table>	Year	Ratio %	2010	25.70%	2011	26.68%	2012	24.96%	2013	25.54%	<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> <table><tr><td><b>2012/13 Ratio</b></td><td><b>25.54%</b></td></tr></table> <p>Council's reliance on Rates and Annual Charges has remained relatively steady over the last 4 years.</p>	<b>2012/13 Ratio</b>	<b>25.54%</b>
Year	Ratio %													
2010	25.70%													
2011	26.68%													
2012	24.96%													
2013	25.54%													
<b>2012/13 Ratio</b>	<b>25.54%</b>													
<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>10.76%</td></tr><tr><td>2011</td><td>10.56%</td></tr><tr><td>2012</td><td>14.96%</td></tr><tr><td>2013</td><td>15.12%</td></tr></table>	Year	Ratio %	2010	10.76%	2011	10.56%	2012	14.96%	2013	15.12%	<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> <table><tr><td><b>2012/13 Ratio</b></td><td><b>15.12%</b></td></tr></table> <p>This ratio remains relatively high due to continued hardship within the timber industry.</p>	<b>2012/13 Ratio</b>	<b>15.12%</b>
Year	Ratio %													
2010	10.76%													
2011	10.56%													
2012	14.96%													
2013	15.12%													
<b>2012/13 Ratio</b>	<b>15.12%</b>													
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>137.90%</td></tr><tr><td>2011</td><td>53.00%</td></tr><tr><td>2012</td><td>87.01%</td></tr><tr><td>2013</td><td>82.82%</td></tr></table>	Year	Ratio %	2010	137.90%	2011	53.00%	2012	87.01%	2013	82.82%	<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> <table><tr><td><b>2012/13 Ratio</b></td><td><b>82.82%</b></td></tr></table> <p>This ratio should also be considered in conjunction with the level of new asset additions and councils adopted asset management plan.</p>	<b>2012/13 Ratio</b>	<b>82.82%</b>
Year	Ratio %													
2010	137.90%													
2011	53.00%													
2012	87.01%													
2013	82.82%													
<b>2012/13 Ratio</b>	<b>82.82%</b>													

## KYOGLE 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>	<b>3.20</b>	<b>11.66</b>	<b>11.01</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	1.62	17.08	8.36
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>3.19%</b>	<b>8.37%</b>	<b>0.00%</b>
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period: 3.39%	8.32%	0.00%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>50.41%</b>	<b>79.91%</b>	<b>22.09%</b>
Income from Continuing Operations			
prior period:	45.67%	64.19%	21.97%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>24.61%</b>	<b>19.60%</b>	<b>13.34%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	25.12%	19.69%	13.18%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>168.42%</b>	<b>138.86%</b>	<b>78.20%</b>
Depreciation, Amortisation & Impairment			
prior period:	93.61%	119.94%	84.93%

#### Notes

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

## KYOGLE COUNCIL

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

#### Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
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Council has not classified any Land or Buildings as "Investment Properties".

## KYOGLE COUNCIL

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

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	18,135	18,571	18,135	18,571
Receivables	4,334	4,488	4,334	4,488
Other Financial Assets	-	-	-	-
<b>Total Financial Assets</b>	<b>22,469</b>	<b>23,059</b>	<b>22,469</b>	<b>23,059</b>
<b>Financial Liabilities</b>				
Payables	1,642	2,676	1,642	2,676
Loans / Advances	1,210	1,241	1,893	1,883
<b>Total Financial Liabilities</b>	<b>2,852</b>	<b>3,917</b>	<b>3,535</b>	<b>4,559</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market 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.

## KYOGLE COUNCIL

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

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

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\$ '000

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##### (a) Fair Value Measurements

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

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

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

Council's investment portfolio consists of deposits at fixed interest rates, generally for periods of less than 120 days.

Whilst these are subject to interest rate risk, this is minimised by the short term nature of the financial assets held

## KYOGLE COUNCIL

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

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

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\$ '000

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

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

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

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

The 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) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	181	181	n/a	n/a
<b>2012</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	186	186	n/a	n/a

## KYOGLE COUNCIL

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

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

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\$ '000

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##### (c) 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 Rates & Annual Charges	2013 Other Receivables	2012 Rates & Annual Charges	2012 Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	130	3,023	138	3,289
Past due by up to 30 days	-	-	-	-
Past due between 31 and 180 days	1,061	166	923	184
Past due between 181 and 365 days	-	-	-	-
Past due by more than 1 year	-	-	-	-
	<b>1,191</b>	<b>3,189</b>	<b>1,061</b>	<b>3,473</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2013	2012
Balance at the beginning of the year			46	130
- amounts already provided for & written off this year			-	(84)
<b>Balance at the end of the year</b>			<b>46</b>	<b>46</b>

## KYOGLE COUNCIL

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

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

\$ '000

##### (d) 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 Sensitivity Table below:

\$ '000	Due within 1 year	Due between 1-5 years	Due after 5 years	Total Cash Outflows	Actual Carrying Values
<b>2013</b>					
Trade/Other Payables	1,642	-	-	1,642	<b>1,642</b>
Loans & Advances	122	598	1,624	2,344	<b>1,210</b>
<b>Total Financial Liabilities</b>	<b>1,764</b>	<b>598</b>	<b>1,624</b>	<b>3,986</b>	<b>2,852</b>
<b>2012</b>					
Trade/Other Payables	2,676	-	-	2,676	<b>2,676</b>
Loans & Advances	125	638	1,706	2,469	<b>1,241</b>
<b>Total Financial Liabilities</b>	<b>2,801</b>	<b>638</b>	<b>1,706</b>	<b>5,145</b>	<b>3,917</b>

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	1,642	0.0%	2,676	0.0%
Loans & Advances - Fixed Interest Rate	1,210	7.6%	1,241	7.6%
	<u>2,852</u>		<u>3,917</u>	



## KYOGLE 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 28 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>User Charges &amp; Fees</b>	<b>3,348</b>	<b>7,575</b>	<b>4,227</b>	126% <b>F</b>
Level of RMS ( formerly RTA ) works higher than anticipated				
<b>Interest &amp; Investment Revenue</b>	<b>481</b>	<b>800</b>	<b>319</b>	66% <b>F</b>
Level of funds invested was higher than anticipated				
<b>Other Revenues</b>	<b>26</b>	<b>23</b>	<b>(3)</b>	(12%) <b>U</b>
Level of activity lower than anticipated				
<b>Operating Grants &amp; Contributions</b>	<b>4,971</b>	<b>7,277</b>	<b>2,306</b>	46% <b>F</b>
Exceeded budget as additional grant funds were allocated after original budget was adopted				
<b>Capital Grants &amp; Contributions</b>	<b>2,266</b>	<b>4,839</b>	<b>2,573</b>	114% <b>F</b>
Donated assets from crown reserves and residential developments not budgeted for				

## KYOGLE 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>Materials &amp; Contracts</b>	<b>3,439</b>	<b>9,477</b>	<b>(6,038)</b>	(176%) <b>U</b>
Level of RMS ( formerly RTA ) works higher than anticipated Additional projects approved through revotes and quarterly reviews				
<b>Depreciation &amp; Amortisation</b>	<b>4,150</b>	<b>7,589</b>	<b>(3,439)</b>	(83%) <b>U</b>
Original estimates based on older depreciation expense figures as budget adopted prior to updated figures being available				
<b>Net Losses from Disposal of Assets</b>	<b>(406)</b>	<b>1,493</b>	<b>(1,899)</b>	468% <b>U</b>
Council does not budget for disposal of infrastructure assets				

# KYOGLE COUNCIL

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

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	40	2	-	-	(42)	-	-	4	(4)	-	-
Roads	448	126	-	12	(294)	-	292	127	(419)	-	-
Open Space	57	3	-	2	-	-	62	10	(72)	-	-
<b>S94 Contributions - under a Plan</b>	<b>545</b>	<b>131</b>	<b>-</b>	<b>14</b>	<b>(336)</b>	<b>-</b>	<b>354</b>	<b>141</b>	<b>(495)</b>	<b>-</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>545</b>	<b>131</b>	<b>-</b>	<b>14</b>	<b>(336)</b>	<b>-</b>	<b>354</b>				<b>-</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-						-				
S64 Contributions	24	3		1			28				
<b>Total Contributions</b>	<b>569</b>	<b>134</b>	<b>-</b>	<b>15</b>	<b>(336)</b>	<b>-</b>	<b>382</b>	<b>141</b>	<b>(495)</b>	<b>-</b>	<b>-</b>

## KYOGLE COUNCIL

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

#### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	40	2			(42)		-	4	(4)	-	
Roads	448	126		12	(294)		292	127	(419)	-	
Open Space	57	3		2			62	10	(72)	-	
<b>Total</b>	<b>545</b>	<b>131</b>	<b>-</b>	<b>14</b>	<b>(336)</b>	<b>-</b>	<b>354</b>	<b>141</b>	<b>(495)</b>	<b>-</b>	<b>-</b>

## KYOGLE COUNCIL

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

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

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\$ '000

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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.

##### **(a) Richmond Upper-Clarence Regional Library**

Council together with other local government authorities have entered into an agreement to operate a regional library known as the Richmond Upper-Clarence Regional Library. Annually, the Council contributes to the library to fund its activities based upon a prescribed formula. In the event that Council wishes to withdraw from the agreement, the assets and liabilities of the Regional Library attributable to Council will be determined by the Library Board of New South Wales.

##### **(b) Legal Issues**

The Council from time to time defends actions in respect of the Land and Environment Court matters and other issues served on it. It is not practicable to estimate the amount, if any, for which the Council could be liable thereof.

##### **(c ) Section 94 Infrastructure**

Council has significant obligations to provide Section 94 infrastructure in new release areas. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference (Refer Note 17).

##### **(d) Superannuation**

The Local Government Superannuation Scheme – Pool B ( the scheme ) is a defined benefit plan that has been deemed to be a “multi-employer fund” for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was \$241,192. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the actuary has estimated that as at 30th June 2013 a deficit still exists.

Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of additional contributions payable until the deficit is extinguished is \$96,995. The additional contributions remitted during the year is included in the total employer contributions set out in the beginning of this paragraph.

The share of this deficit that can be broadly attributed to your organisation was estimated to be in the order of \$450,964 as at 30 June 2013.

## KYOGLE COUNCIL

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

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

\$ '000

##### (a) Jointly Controlled Assets

The Council is a member of the North-East Weight of Loads Group. The constitution of the group specifies the council as having a part "ownership" of the groups net assets but not one member as having control. The stated objectives of the group include to generally 'promote the aims of reducing damage to Councils roads by policing of vehicles weight limits.

Name of Operation/Entity	Principal Activity	Type of Entity	Equity Holding	
			2013	2012
1. Newlog	Vehicle Weight Limits		13%	13%
<b>Current Year Financial Movements in Total Operation/Entity</b>		<b>Gross Financial Summary of Subsidiary</b>		
Opening Equity Balance	34	Assets		<b>50</b>
New Capital Contributions	23	Liabilities		<b>(21)</b>
Operating Result	(28)	<b>Net Equity</b>		<b>29</b>
Adjustment to Equity Share		Revenues		
Distributions Paid		<b>Net Profit</b>		
<b>Closing Equity Balance</b>	<b>29</b>	Non-controlling Interest Share		
Non-controlling Interest Share				

## KYOGLE 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)		146,219	146,616
d. Net Operating Result for the Year		435	(397)
<b>Balance at End of the Reporting Period</b>		<b>146,654</b>	<b>146,219</b>

#### (b) Reserves

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	158,609	147,693
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##### (ii) Reconciliation of movements in Reserves:

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

- Opening Balance	147,693	125,978
- Revaluations for the year	9(a) 10,916	21,715
<b>- Balance at End of Year</b>	<b>158,609</b>	<b>147,693</b>

##### 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.

## KYOGLE 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><u>Continuing Operations</u></b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	548	891	5,599
User Charges & Fees	481	188	6,906
Interest & Investment Revenue	5	15	780
Other Revenues	-	(7)	30
Grants & Contributions provided for Operating Purposes	27	26	7,224
Grants & Contributions provided for Capital Purposes	26	2	4,811
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
<b>Total Income from Continuing Operations</b>	<b>1,087</b>	<b>1,115</b>	<b>25,350</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	229	274	6,122
Borrowing Costs	23	70	28
Materials & Contracts	467	546	8,464
Depreciation & Amortisation	190	193	7,206
Other Expenses	192	85	1,535
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	10	24	1,459
<b>Total Expenses from Continuing Operations</b>	<b>1,111</b>	<b>1,192</b>	<b>24,814</b>
<b>Operating Result from Continuing Operations</b>	<b>(24)</b>	<b>(77)</b>	<b>536</b>
<b><u>Discontinued Operations</u></b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>(24)</b>	<b>(77)</b>	<b>536</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(24)</b>	<b>(77)</b>	<b>536</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>(50)</b>	<b>(79)</b>	<b>(4,275)</b>

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



## KYOGLE COUNCIL

### Notes to the Financial Statements as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	(16)	733	17,418
Receivables	288	284	3,762
Inventories	-	-	779
Other	-	-	265
<b>Total Current Assets</b>	<b>272</b>	<b>1,017</b>	<b>22,224</b>
<b>Non-Current Assets</b>			
Infrastructure, Property, Plant & Equipment	11,762	22,067	254,235
<b>TOTAL ASSETS</b>	<b>12,034</b>	<b>23,084</b>	<b>276,459</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	1	5	1,491
Borrowings	12	20	-
Provisions	60	60	1,716
<b>Total Current Liabilities</b>	<b>73</b>	<b>85</b>	<b>3,207</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	145
Borrowings	255	923	-
Provisions	-	-	1,626
<b>Total Non-Current Liabilities</b>	<b>255</b>	<b>923</b>	<b>1,771</b>
<b>TOTAL LIABILITIES</b>	<b>328</b>	<b>1,008</b>	<b>4,978</b>
<b>Net Assets</b>	<b>11,706</b>	<b>22,076</b>	<b>271,481</b>
<b>EQUITY</b>			
Retained Earnings	7,928	8,898	129,828
Revaluation Reserves	3,778	13,178	141,653
<b>Council Equity Interest</b>	<b>11,706</b>	<b>22,076</b>	<b>271,481</b>
<b>Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>11,706</b>	<b>22,076</b>	<b>271,481</b>

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

## KYOGLE 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 Remediation	2050	1,212	1,382
Quarry Remediation	2020	302	315
<b>Balance at End of the Reporting Period</b>	10(a)	<b>1,514</b>	<b>1,697</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:

	Tip	Quarry
Balance at beginning of year	1,382	315
Effect of a change in other calculation estimates used	(211)	-
Amortisation of discount (expensed to borrowing costs)	41	(13)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>1,212</b>	<b>302</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.

**KYOGLE COUNCIL  
GENERAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDIT REPORT**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Kyogle Council (the Council), which comprises the statement of financial position as at 30 June 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by Councillors' and Management.

**Councils' Responsibility for the Financial Statements**

The Council is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

Our audit responsibility does not extend to the original budget information included in the income statement, statement of cash flows, Note 2(a), Note 16 budget variation explanations and Note 17 forecast information, and accordingly, we do not express an opinion on such. 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 have complied with the independence requirements of the Australian professional accounting bodies.

## Audit Opinion

In our opinion:

- a) The Council's accounting records have been kept in accordance with the requirements of the *Local Government Act, 1993*, Chapter 13, Part 3, Division 2;
- b) The financial statements:
  - i. Have been prepared in accordance with the requirements of this Division;
  - ii. Are consistent with the Council's accounting records;
  - iii. Present fairly, in all material respects, the Council's financial position as at 30 June 2013 and of its performance for the year then ended; and
  - iv. Are in accordance with applicable Accounting Standards, Interpretations 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 in the course of the audit.

## Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Kyogle Council for the year ended 30 June 2013 included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

**THOMAS NOBLE & RUSSELL**  
**CHARTERED ACCOUNTANTS**

G W DWYER (Partner)  
Registered Company Auditor

Dated at Lismore this 28<sup>th</sup> day of October 2013.

Lismore, 28 October 2013

Mayor and Councillors  
Kyogle Council  
Stratheden Street  
KYOGLÉ NSW 2474

Dear Councillors

We advise that we have completed our audit of the Council's general purpose and special purpose financial statements for the year ended 30 June 2013 under section 417 of the *Local Government Act 1993*.

In accordance with that section we now report on the conduct of the audit.

Yours faithfully

**THOMAS NOBLE & RUSSELL**

Per:



G W DWYER (Partner)  
Registered Company Auditor

# Kyogle Council

## Report to Council Under s417 of the Local Government Act 1993 for the Year Ended 30 June 2013



Thomas  
Noble &  
Russell

Accountants | Auditors | Business Advisers



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## 1. COUNCIL'S FINANCIAL REPORTING REQUIREMENTS

Council is required to prepare two financial statements ready for audit each year:

### General Purpose Financial Statements

These financial statements present the financial position and performance of the Council on a consolidated basis. It includes all controlled Council operations such as general, water and sewer funds as well as domestic waste management activities. Council has prepared its general purpose financial statements in accordance with the Division of Local Government Code of Accounting Practice Manual which adopts applicable Australian Accounting Standards as the framework for financial reporting.

### Special Purpose Financial Statements

These financial statements provide an understanding of the financial position and performance of Council's declared business activities as required under National Competition Policy. Council's declared business activities for the 2013 financial year are:

- Water Fund Operations;
- Sewer Fund Operations;
- Domestic Waste Management;
- Quarry Operations; and
- Transport.

Council is not required to adopt Australian Accounting Standards when preparing these financial statements, however the financial position and performance have been calculated by adopting applicable Accounting Standard requirements.

## 2. AUDITOR'S RESPONSIBILITIES

In order that your Councillors may appreciate our responsibilities as auditors, we take this opportunity to briefly discuss the scope of our audit.

In accordance with our contractual arrangements with Council we have undertaken to perform an attest (risk based) audit. The definition of an attest audit is:

*"the minimum audit work necessary to enable an opinion to be expressed as to whether the financial statements are presented fairly in accordance with the requirements of the Local Government Act 1993, Australian Accounting Standards and Accounting Concepts so as to present a view which is consistent with an understanding of the Council's financial position, the results of its operations and its cash flows."*



## Forming Our Audit Opinion

Our function as auditors is to examine the general purpose and special purpose financial statements presented to us by the Council. Our audit responsibility does not extend to:

- The original budget information included in the income statement, statement of cash flows, Note 2(a) and Note 16 budget variation explanations in the general purpose financial statements;
- Information presented at Note 17 to the general purpose financial statements relating to projected future contributions, cost of works and over/(under) funding; and
- The best practice disclosures in Notes 2 & 3 to the special purpose financial statements.

Accordingly, we do not express an opinion on such. As auditors of the Council we are not responsible for the preparation of the financial statements or for the maintenance of proper and adequate accounting records and proper systems of internal control. These responsibilities, together with the requirement to present financial statements which give a true and fair view of the state of the Council's affairs and of its results, are imposed on the Councillors by the *Local Government Act and Regulations 1993*.

## Reporting on the Conduct of the Audit

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 beneficial audit. The following sections 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.

## 3. OPERATING RESULT

Council's result from all activities for the year ended 30 June 2013 was a \$435,000 surplus. This compares to a deficit of \$397,000 in 2012. The 2013 result can be summarised as follows:

	2011 \$'000	2012 \$'000	2013 \$'000
Revenues from continuing operations	22,083	22,546	22,713
Expenses from continuing operations	(16,599)	(16,644)	(18,035)
Result from continuing operations before depreciation and capital amounts	5,484	5,902	4,678
Depreciation	(7,579)	(7,658)	(7,589)
Result from continuing operations before capital amounts	(2,095)	(1,756)	(2,911)
Capital grants and contributions	1,802	4,582	4,839
Gain / (loss) on disposal of assets	(370)	(3,223)	(1,493)
Surplus / (Deficit) from all activities	(663)	(397)	435

### 3.1 Variations to 2012 by Income / Expenditure

The surplus from continuing operations before depreciation and capital amounts has decreased by \$1,224,000 from \$5,902,000 in 2012 to \$4,678,000 in 2013. Some of the components contributing to the result included:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
<b>REVENUE</b>		
<b>Rates and Annual Charges</b>		
Ordinary Rates	110	The \$110,000 increase in ordinary rates, from \$4,541,000 in 2011/2012 to \$4,651,000 in 2012/2013, was primarily the result of the 3.6% rate pegged limit for the 2012/2013 financial year.
Domestic Waste Management Services	52	Domestic Waste Management annual charges increased by \$52,000, from \$699,000 in 2011/2012 to \$751,000 in 2012/2013. This increase was attributable to a 6.7% increase in the annual DWM charge.
Sewerage Services	58	Sewerage annual charges increased by \$58,000, from \$833,000 in 2011/2012 to \$891,000 in 2012/2013. This increase was the result of an increase in the charge levied of 3.4% combined with a small increase in the number of connections.
Water Supply Services	37	Water Supply annual charges increased by \$37,000, from \$512,000 in 2011/2012 to \$549,000 in 2012/2013. This increase was the result of an increase of 6.5% in the charge levied and a small increase in the number of connections.
<b>User Charges and Fees</b>		
Specific User Charges	35	Specific user charges, consisting of Water Supply, Sewerage Services and Non-Domestic Waste Management Services, remained relatively consistent with the previous year with the largest movement relating to an increase in Water Supply Services user charges of \$36,000 from the previous year.
Private Works – Section 67	66	Revenue for private works section 67 increased by \$66,000 from \$89,000 in 2011/2012 to \$155,000 in 2012/2013. This increase was primarily due to an increased level of activity in the sale of inventory items.

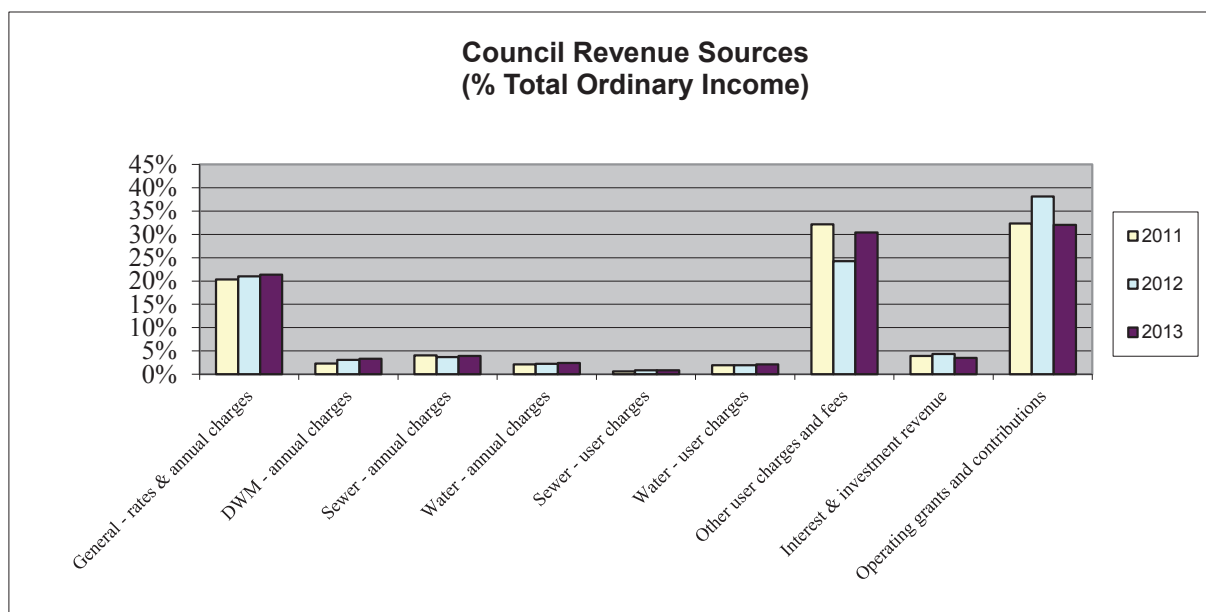
Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
RMS Charges	1,097	RMS revenue increased by \$1,097,000 from \$4,043,000 in 2011/2012 to \$5,140,000 in 2012/2013. This resulted from the increased level of road maintenance works carried out on State roads. The larger projects included the Imbreys Road Slip and Embankment repair.
Quarry Fees	202	Quarry Fees increased by \$202,000, from \$460,000 in 2011/2012 to \$662,000 in 2012/2013. This increase is attributable to the increased road maintenance works carried out for the RMS.
<b>Interest and Investment Revenue</b>		
Interest Revenue	(185)	Interest revenue decreased by \$185,000, from \$985,000 in 2011/2012 to \$800,000 in 2012/2013.  This decrease is largely attributable to a reduction in the level of interest rates available for Council's term deposit investments in 2012/2013. Also there was a reduction in the level of funds available for investment in term deposits during the year.
<b>Other Revenue</b>		
Other Revenue	(37)	Other revenue decreased by \$37,000, to \$23,000 in 2012/2013. The largest component of this revenue is Commissions & Agency Fees.
<b>Operating Grants and Contributions</b>		
Financial Assistance	(1,054)	The Financial Assistance grants received in the 2012/2013 year were \$1,054,000 lower than that received in the 2011/2012 year. The revenue recognised in the 2011/2012 year represented five quarters, as the Division of Local Government had paid two quarters in advance, whereas previously had paid one quarter in advance. The revenue recognised in the 2012/2013 year represents four quarters.
Transport Grants	(573)	Operating Transport grants of \$2,064,000 were received in 2012/2013, compared to \$2,637,000 in 2011/2012. The amounts recognised in the 2012/2013 year included \$603,000 relating to the January 2011 flood event, \$1,343,000 relating to the January/February 2012 flood events and \$118,000 regional roads block grant.

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Flood Restoration	127	Flood Restoration grants of \$384,000 were received in 2012/2013, compared to \$257,000 in 2011/2012. The amount recognised in the 2012/2013 year includes \$275,000 for restoration works from a landslide at Kyogle Bowling Club.
<b>EXPENSES</b>		
Employee Benefits and On-Costs	(28)	<p>Salaries and wages increased by \$428,000 due to more casuals being utilised in 2013, coupled with an increase in leave taken in 2013.</p> <p>Expenditure relating to employee leave entitlements decreased by \$119,000 with long service leave decreasing by \$113,000.</p> <p>Workers compensation expenses were reduced by \$181,000, to \$221,000 in 2012/2013, with lower premiums resulting from a low claims history.</p> <p>Capitalisation of employee costs increased by \$238,000 as a result of a shift from contractors to staff used in capital works in 2012/2013.</p>
Materials & Contracts	1,397	<p>Raw materials and consumables increased by \$1,470,000 from \$7,921,000 in 2011/2012 to \$9,391,000 in 2012/2013.</p> <p>The major contributor to this increase was an increase in expenditure in relation to the Road Maintenance Contract for State roads, increasing \$914,000 from \$3,143,000 in 2011/2012 to \$4,057,000 in 2012/2013.</p> <p>Expenditure in relation to regional and rural roads damaged by floods increased \$360,000 from \$970,000 in 2011/2012 to \$1,330,000 in 2012/2013.</p> <p>Expenditure for quarries increased by \$113,000 from \$239,000 in 2011/2012 to \$352,000 in 2012/2013.</p> <p>Legal expenses relating to planning and development decreased by \$108,000. The 2011/2012 costs related to action taken in the Land and Environment Court in relation to a refused Development Application which Council successfully defended.</p>

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Other Expenses	84	<p>The Bad &amp; Doubtful debts expense for the 2010/2011 year was largely reversed in 2011/2012 resulting in a negative expense of \$84,000 for that year. This has resulted in an increased expense of \$87,000 for 2012/2013.</p> <p>Electricity and heating costs increased by \$56,000 to \$358,000 in 2012/2013.</p> <p>Emergency Services costs decreased by \$64,000 to \$138,000 in 2012/2013.</p>

### 3.2 Analysis of income sources

	2011 \$'000	2012 \$'000	2013 \$'000
General - rates & annual charges	4,489	4,728	4,847
DWM - annual charges	515	699	751
Sewer - annual charges	899	833	891
Water - annual charges	469	512	549
Total rates & annual charges	6,372	6,772	7,038
Sewer - user charges	135	192	188
Water - user charges	431	443	479
Other user charges and fees	7,108	5,494	6,908
Total user charges and fees	7,674	6,129	7,575
Interest & investment revenue	864	985	800
Other revenue	30	60	23
Operating grants and contributions	7,143	8,600	7,277
Total revenue before capital amounts	22,083	22,546	22,713



Council's relative reliance on various income streams as detailed has remained relatively steady on a long term trending basis. Council continues to have a large reliance on user charges, particularly RMS charges under the Road Maintenance contract for maintenance of state roads, and operating grants and contributions.

Council should continue to monitor its revenue streams to ensure they are sufficient to fund operating costs, asset maintenance and renewal as well as repayment of borrowings.

### 3.3 Depreciation

Depreciation expense decreased \$69,000 from \$7,658,000 in 2011/2012 to \$7,589,000 in 2012/2013. The largest movement was a \$143,000 decrease in the depreciation expense for sewer infrastructure assets. This decrease was the result of reassessments of residuals and useful lives in the full revaluation of these assets in the 2012 year. Furthermore, it is noted that there was a write back of \$164,000 in the 2011/2012 year relating to the re-estimation of asset reinstatement costs (tip and quarry).

### 3.4 Capital Grants and Contributions

Council receives capital grants and contributions from various sources each financial year. The extent of revenue received each year is influenced by the nature and extent of Council's capital improvements programme and general economic activity.

Capital grants received during the year amounted to \$2,211,000, with the larger amounts being Roads to Recovery funding - \$804,000, funding for Taveners Road - \$674,000 and funding for Lions Road - \$523,000.

Capital contributions received during the period amounted to \$2,628,000. This can be broken down as follows:

	2011 \$'000	2012 \$'000	2013 \$'000
Section 94 Contributions - cash	112	111	123
Section 64 Contributions - cash	9	137	5
RMS Contributions	315	544	241
Subdivider Dedications	-	2,208	384
Crown Reserve Assets *	-	-	1,785
Other Contributions	-	188	90
<b>TOTAL</b>	<b>436</b>	<b>3,188</b>	<b>2,628</b>

\* These assets relate to land and associated structures (Crown Reserves) now controlled by Council. The breakdown of these contributed Crown Reserve assets is as follows;

	2013 \$'000
Operational Land	519
Community Buildings	701
Other Structures – Parks & Gardens	265
Buildings – Parks & Gardens	255
Other Structures – Community Buildings	45
	<b>1,785</b>

At 30 June 2013 Council held \$354,000 as a restricted asset for S94 contributions and \$28,000 as a restricted asset for S64 contributions.

### 3.5 Gain / (Loss) on Disposal of Assets

Council's loss on disposal of assets comprise the following items.

	2011 \$'000	2012 \$'000	2013 \$'000
Profit on sale of plant and equipment	86	120	85
Loss on write-off of infrastructure assets	(456)	(3,343)	(1,578)
	<b>(370)</b>	<b>(3,223)</b>	<b>(1,493)</b>

The loss on disposal of assets largely represents the written-down value of infrastructure assets that have been disposed or rehabilitated in the normal course of Council's budgeted asset replacement program.

The write-off of infrastructure assets in the 2013 year included \$1,537,000 relating to roads, bridges and footpaths.



### 3.6 Financial Performance and Position by Fund

Included in the general purpose financial reports at Note 21, is a fund-by-fund analysis of the performance and position of Council. Care should be taken when reading this information as "General" activities also includes externally restricted activities of Council, other than water and sewer activities.

The information in this Note also balances in total to the general purposes financial reports and thus may not balance to the results shown elsewhere in other financial statements of Council, as other statements may be inclusive of internal transactions between activities of Council, including restricted activities.

## 4. DECLARED BUSINESS ACTIVITIES UNDER THE NATIONAL COMPETITION GUIDELINES

Under the National Competition guidelines Council is required to apply taxation equivalent principles to each business similar to those that would apply if they were operating in the commercial sector. Council declared business activities have been reported with operating details and assets disclosed on a gross basis in Council's special purpose financial statements.

Each activity has a required rate of return on its activities that is calculated as the operating result plus interest expense divided by the written down value of property, plant & equipment. Where the return on investment is below the required rate of return, the difference is disclosed as a notional subsidy from Council's General Fund activities. Dividends represent funds provided by the relevant business activity for other functions of Council.

A summary of the financial performance of Council's declared business activities is detailed below:

Activity/Year	Revenue	Expenses	Result prior to capital amounts	Return on capital	Subsidy	Dividends Paid
	\$'000	\$'000	\$'000	%	\$'000	\$'000
<b>2012/2013</b>						
Water	1,061	1,111	(50)	(0.2)	n/a	-
Sewer	1,113	1,192	(79)	-	n/a	-
DWM	785	839	(54)	(1.6)	44	-
Quarry	662	439	223	29.9	-	-
Transport	5,140	4,598	542	n/a	-	205
	\$'000	\$'000	\$'000	%	\$'000	\$'000
<b>2011/2012</b>						
Water	1,025	1,078	(53)	(0.3)	n/a	-
Sewer	1,095	1,564	(469)	(1.8)	n/a	-
DWM	738	735	3	7.9	-	-
Quarry	460	325	135	27.2	-	-
Transport	4,043	3,855	188	n/a	-	220



## Water and Sewer Operations

Council's water operations returned a deficit from continuing operations before capital amounts of \$50,000 in 2012/2013, similar to the result of the prior year.

Council's sewer operations returned a deficit from continuing operations before capital amounts of \$79,000 in 2012/2013, compared to the deficit of \$469,000 in 2011/2012. This is an overall improvement of \$390,000.

The more significant factors affecting the result in the water fund were:

- Access charges revenue increased by \$37,000 from the previous year, to \$548,000.
- User charges revenue increased by \$36,000 from the previous year, to \$479,000.
- Management expenses increased by \$103,000 to \$313,000. The 2011/2012 expense was reduced by a writeback of a bad debt expense from 2010/2011 totalling \$61,000.
- Maintenance expenses were \$108,000 lower than the 2011/2012 year, which included costs associated with the Kyogle mains maintenance.

The more significant factors affecting the result in the sewer fund were:

- Access charges revenue increased by \$58,000 from the previous year, to \$891,000.
- User charges revenue increased by \$36,000 from the previous year, to \$479,000.
- Treatment operation expenses increased by \$55,000 from the previous year, to \$326,000. This was due to additional treatment required to meet EPA requirements.
- Depreciation expense decreased by \$143,000 from the previous year, to \$193,000.
- A loss on disposal of assets of \$24,000 was recognised in the 2012/2013 year, compared to a loss of \$335,000 for the 2011/2012 year. The large loss of the 2011/2012 year related to the write-off of assets relating to the Kyogle sewer relining program.

Council's water and sewer fund activities returned a deficit for the 2013 financial year. Water and sewer operations should generate sufficient surpluses to provide for future infrastructure requirements. Council needs to continually monitor the return on each fund to ensure it is sufficient to repair and replace capital in accordance with prepared asset management projections.

## Domestic Waste Management

The Domestic waste management (DWM) activities returned a deficit from continuing operations before capital amounts of \$54,000 in 2012/2013, compared to a surplus of \$3,000 in 2011/2012.

DWM activities should return a break-even result in the medium term. Each year Council calculates annual charges revenue to approximate DWM's share of operating the tip, collection of waste and other associated activities. Council recognises a liability for rehabilitation of its tip sites.

In 2011/2012, Council reassessed the costs and timeframes for rehabilitation of the tip sites at Kyogle and Woodenbong. This reassessment resulted in a reduction to the rehabilitation provision, with a positive effect on the depreciation expense recognised for the 2011/2012 year. Taking into account this impact on the 2011/2012 year, the result for the 2012/2013 year is reasonably comparable to 2011/2012.

Currently Council has no amounts in DWM cash reserves. Council should continually reassess the timing and cost of rehabilitation of each of its tip sites to ensure that DWM revenues are sufficient to generate cash reserves to fund the expenditure. Currently the final rehabilitation of each site is expected to be in the following timeframes:

	Year	\$
Kyogle Final Rehabilitation	2050	893,000
Woodenbong Final Rehabilitation	2017	319,000
		<u>1,212,000</u>

### Quarry Operations

Council's quarry operations returned a surplus from continuing operations before capital amounts of \$223,000 in 2012/2013, compared to a surplus of \$135,000 in 2011/2012. Council quarries have a desired rate of return of 15% per annum. Council's profitability from quarry operations has remained above this rate, with a rate of return of 29.9%. As at 30 June 2013 Council has quarry reserves of \$1,077,000 (compared to \$884,000 at 30 June 2012).

### Transport Operations

Council's Transport Operations represents road works under contract to the RMS. Transport activities have returned a surplus in 2012/2013 of \$542,000. This compares to a surplus of \$188,000 in 2011/2012, with the increase due to increased activity and profitability on works performed.

The Transport activity hires road building equipment from Council's plant fleet and as a result, no rate of return on assets is calculated. As at 30 June 2013 Council has transport reserves of \$2,290,000 (compared to \$564,000 at 30 June 2012).

## 5. FINANCIAL POSITION

### 5.1 Net Current Assets

Council has net current assets of \$20,148,000 as at 30 June 2013, however, this includes \$977,000 in leave entitlements which are not expected to be settled within twelve months. Net current assets however, also contains \$1,426,000 of externally restricted cash assets in the form of retention bonds and deposits, developer contributions, specific purpose unexpended grants, and restricted water, sewer, domestic waste management funds. Also included in Council's net current assets is \$572,000 of externally restricted receivables relating to water, sewerage and domestic waste management charges and rates.

As at 30 June 2013 Council held total cash assets of \$18,135,000. These have been allocated as detailed below.

	2011 \$'000	2012 \$'000	2013 \$'000
<b>TOTAL CASH ASSETS</b>	15,719	18,571	18,135
Less: Externally Restricted Reserves			
- Water	756	637	-
- Sewer	1,113	870	707
- DWM	191	73	-
- Developer Contributions	595	569	382
- Unexpended Grants	476	298	47
- Other	263	246	290
	3,394	2,693	1,426
Less: Internally Restricted Reserves	12,125	15,681	16,709
<b>UNRESTRICTED CASH</b>	200	197	-

At balance date Council has allocated \$16,709,000 to internally restricted cash to fund specific Council projects. We provide an understanding of internal reserve balances as at 30 June 2013:

	2011 \$'000	2012 \$'000	2013 \$'000
<b>Internally Restricted Reserves</b>			
Employee Entitlements	730	1,138	1,175
Buildings	562	462	187
Transport	370	564	2,290
Quarries	602	884	1,077
Plant	3,827	6,181	4,994
Revotes	3,814	3,608	4,290
Commercial Waste	150	754	606
Information Technology	80	100	100
Roads & Bridges	1,890	1,490	1,490
Emergency Works	100	300	300
Other - stormwater	0	200	200
	12,125	15,681	16,709

After funding internal and external restrictions Council has nil unrestricted cash assets.

## 5.2 Non-Current Assets and Liabilities

Council has a net non-current asset position of \$285,115,000 which consists largely of property, plant and equipment, infrastructure assets, loans, and provisions for employee benefits and rehabilitation of tip sites and quarries.

### 5.2.1 PROPERTY, PLANT & EQUIPMENT

During the year Council capitalised the following property, plant and equipment:

	2011 \$'000	2012 \$'000	2013 \$'000
<i>Non-cash grants / contributions</i>			
Land and Buildings	-	2	1,785
Roads and Drainage Network	-	2,012	384
Water Supply Network	-	45	-
Sewerage Network	-	149	-
<i>Council Constructed / Purchased Assets</i>			
Work in Progress	1,153	1,088	1,061
Land and Buildings	168	449	147
Plant and Equipment	1,098	1,187	1,490
Roads and Drainage Network	2,511	3,699	4,581
Water Supply Network	73	628	140
Sewerage Network	174	403	41
Other	719	369	36
	<u>5,896</u>	<u>10,031</u>	<u>9,665</u>

As illustrated above, Council has capitalised approximately \$9.7 million in infrastructure, property, plant and equipment during the 2013 financial year.

Major Council constructed/purchased assets were Taveners Road - \$744,000, Lions Road Border Lookout - \$553,000, Flowers Bridge - \$393,000 and Taylors Bridge - \$366,000.

### Asset Revaluations 2013

The Division of Local Government has mandated that all infrastructure assets including land and buildings are to be recognised in Council's financial records at their fair value. Fair value represents the written-down replacement cost of each asset using modern day equivalent materials, design and capacity.

During the year Council performed a full revaluation of Operational Land, Community Land, Buildings and Other Structures. As a result of the revaluation, a revaluation increment of \$584,000 was recognised for Operational Land, a decrement of \$525,000 for Community Land, and increments of \$2,059,000 and \$2,694,000 for Buildings and Other Structures respectively.

Further, indexation adjustments are made each year to keep all Water Supply network and Sewerage Network at fair value. Council performed a desktop revaluation of Water and Sewerage infrastructure assets utilising reference rates as provided by NSW Office of Water. As a result, a 2012/2013 increment of \$253,000 and \$555,000 respectively, were recognised. These amounts have been credited to the Asset Revaluation Reserve.

Where material, fair value adjustments are made each year to keep all infrastructure assets at fair value. As a result, a 2012/2013 increment of \$4,515,000 for Roads, Bridges and Footpaths was recognised. Bulk Earthworks were also incremented by \$334,000.

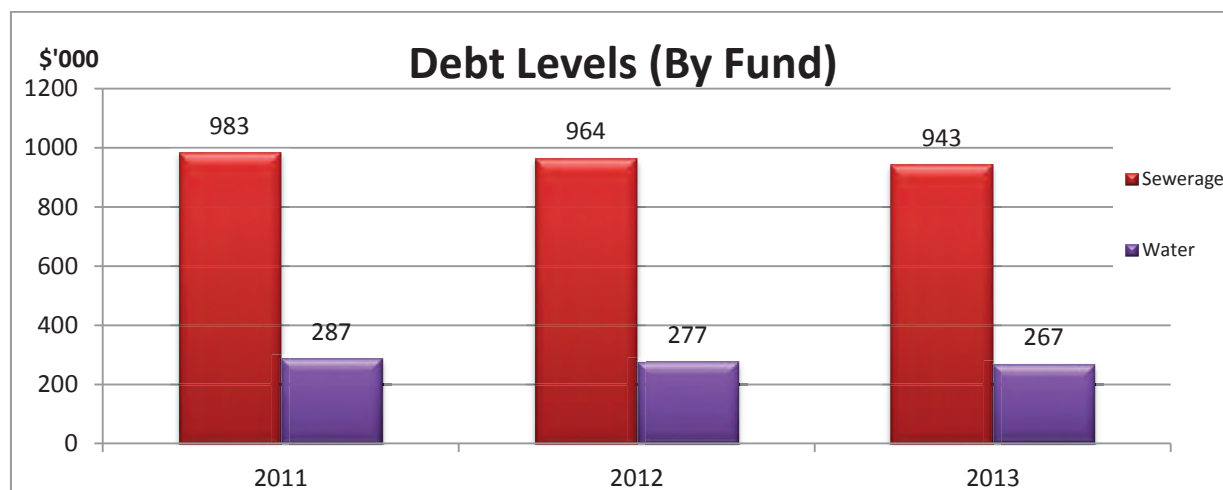
### Regular Re-assessment of Useful Lives

It is important that Council regularly re-assesses the remaining useful lives of assets and their condition in future revaluations. The depreciation charge should reflect the consumption of the asset over its useful life. Fair value reporting of assets will require adequate internal resources in order to ensure the information from asset management reporting systems is accurate, timely and reflects the consumption of the assets.

### 5.2.2 LOANS

Total borrowings at 30 June 2013 amounted to \$1,210,000, which reduced from prior years balance of \$1,241,000.

The majority of outstanding borrowings relate to the sewerage fund, with total borrowings of \$943,000 consisting primarily of a loan taken out in December 2007 to finance sewerage treatment plant augmentation works. Borrowings in the water fund totalling \$267,000 relate to a loan taken out in 2010 for the Bonalbo and Woodenbong water treatment works.



The 2012/2013 budget approved a \$300,000 loan for Waste Services. This was not drawn at 30 June 2013 and is now projected to be drawn down during 2013/2014 to fund a weigh bridge at Kyogle landfill.

Further, Council is projecting to borrow \$2,000,000 in 2014/2015 in the Water Fund to contribute towards the funding of planned capital expenditure of \$3,000,000 for Off Stream Storage, \$1,365,000 for a Water Treatment Plant upgrade and \$500,000 for the Weir & Pump Station. The majority of the balance of the funding required for these works is expected to come from grants.

## 6. KEY PERFORMANCE INDICATORS

Council's performance can be measured using selected indicators. The local government sector utilises certain key performance indicators to measure some aspects of its financial position and performance. Note 13 to the general purpose financial statements provides details of local government sector key performance indicators. We provide an analysis of some of these key performance indicators on a fund-by-fund basis.

When interpreting the ratios below it is important to recognise that they represent a measure of certain aspects of Council's operations at a particular point in time and do not provide a complete assessment of Council's financial performance or position nor do they consider the plans Council has in place to manage its operations into the future.

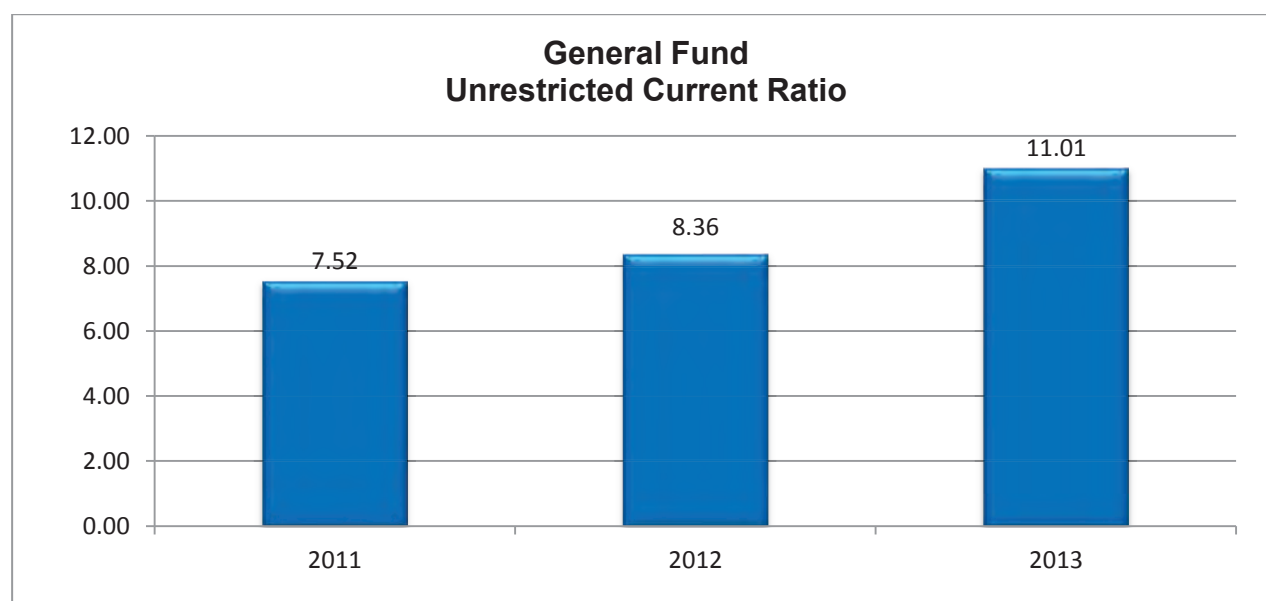
### Unrestricted Current Ratio

The unrestricted current ratio represents Council's capacity to meet its commitments from current assets net of externally restricted cash, investments and receivables.

Factors influencing Council's unrestricted current assets ratio include:

- Planning and budgetary controls;
- Cash management and the timing of cash flows;
- The level of internally restricted assets; and
- Credit management policies and economic circumstances.

### General Fund Unrestricted Current Ratio





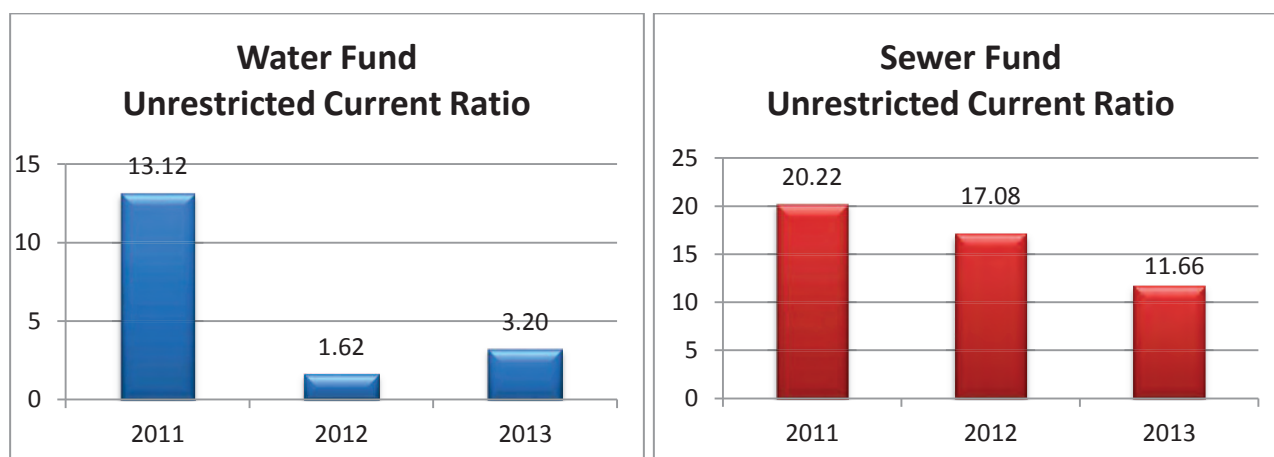
Council's general fund unrestricted current ratio has increased from 8.36 to 11.01 due to an improved net current asset position, particularly Councils internally restricted cash reserves have increased by \$1,028,000. This means that Council has \$11.01 in unrestricted net current assets for every \$1 of unrestricted current liabilities.

An unrestricted current ratio of at least 1.5 is considered to be an appropriate level to allow Council to satisfy its day to day commitments and absorb any unforeseen expenses or reductions in revenue.

It is important to note that the unrestricted current ratio does not reflect Council's capacity to fund long term infrastructure needs nor the state of the infrastructure itself. As part of its asset management processes, Council needs to assess its infrastructure requirements and develop strategies to ensure the long-term viability (ability to provide services) of its assets.

### **Water and Sewer Fund Unrestricted Current Ratio**

We note that the unrestricted current ratio for water and sewer activities may fluctuate significantly. Yearly fluctuations may result from the build up of internal reserves and the impact of debt levels and will continue to fluctuate in the future as further funds are collected and expended on infrastructure improvements.



### **Debt Service Ratio**

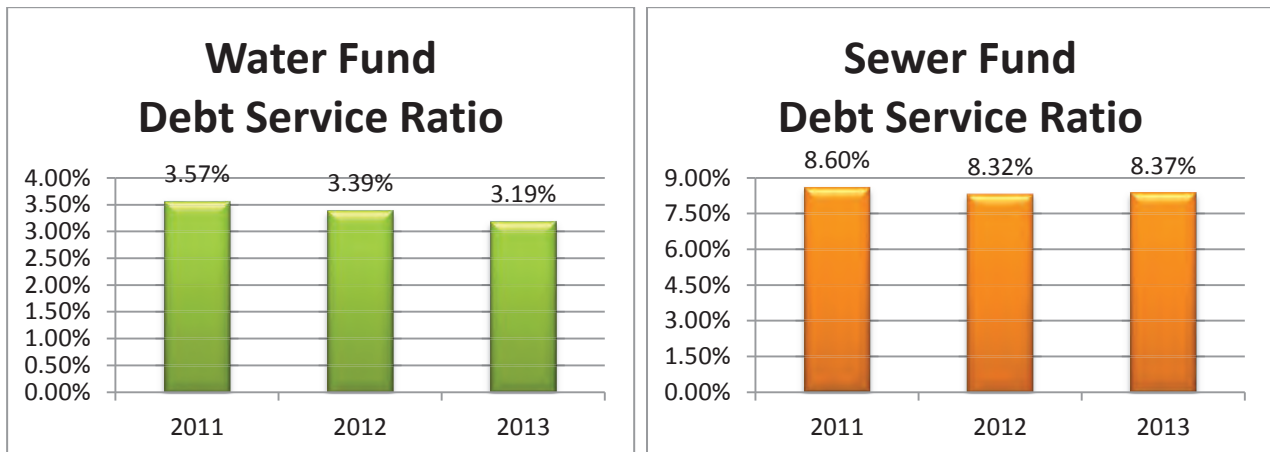
This indicator assesses the degree to which revenues from continuing operations are committed to the repayment of debt.

Factors influencing a councils debt service ratio include:

- The rate of new development in the Council area and the need to borrow to fund new infrastructure;
- Council's debt policy;
- Interest rate movements and loan terms;
- Capital investment strategies and capital contributions policies;
- The level of cash reserves available to reduce the level of borrowings; and
- The state of Council's infrastructure assets and the need to borrow to replace them.

### Water and Sewer Fund Debt Service Ratio

Whilst the general fund is debt free, the below graphs illustrate the debt service ratios of the water and sewer funds. The ratios have remained relatively steady in line with the debt levels of each fund.



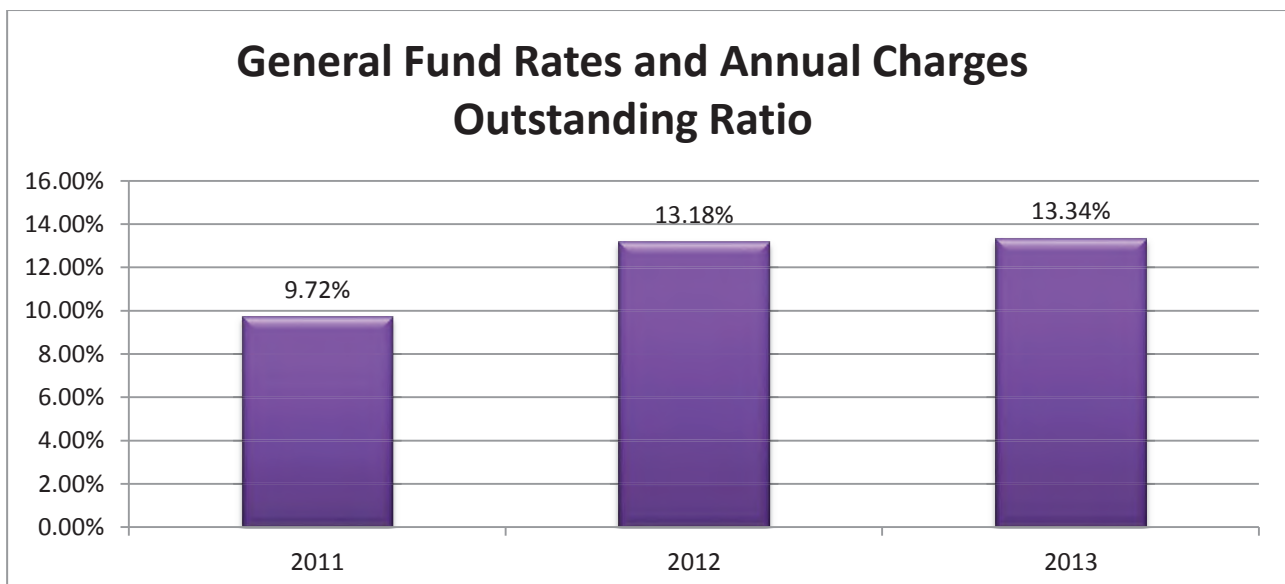
### Rates and Annual Charges Outstanding Percentage

This indicator assesses the effectiveness of Council's revenue collection.

Factors influencing Council's rates and annual charges outstanding percentage include:

- Council's rating policy;
- Credit management policies;
- The socio-economic characteristics of the area; and
- Environmental factors influencing ratepayers' ability to satisfy their obligations.

### General Fund Rates and Annual Charges Outstanding Percentage

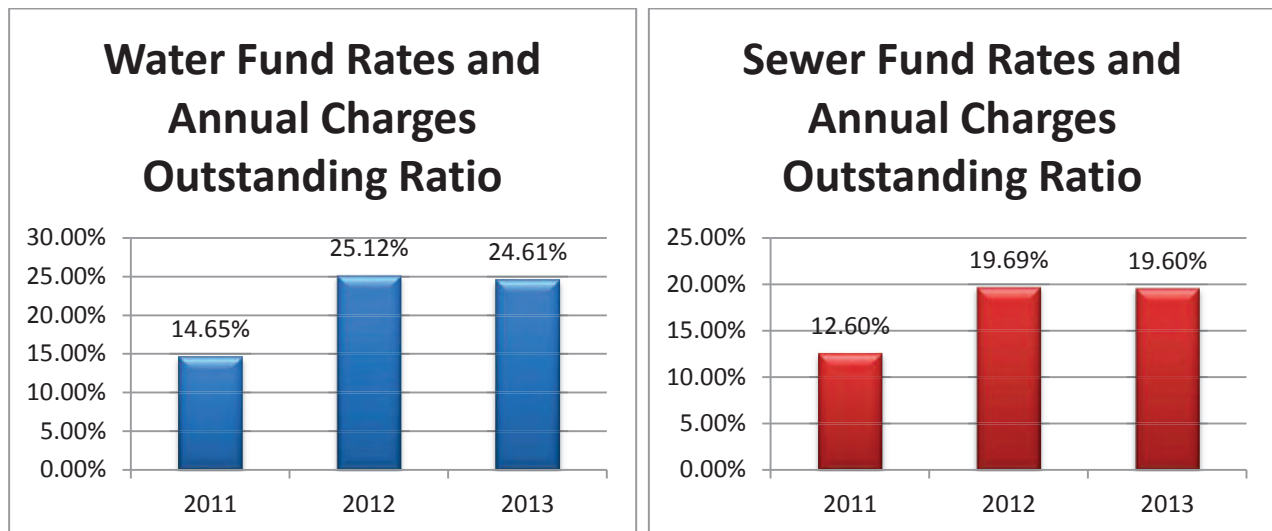




Council's general fund rates and annual charges outstanding percentage has increased slightly from 13.18% in 2012 to 13.34% in 2013 and continues to be above the less than 10% benchmark for a rural Council. The ratio has been impacted in recent years by continued hardship within the timber industry. Councils ratio at 30 June 2009 was 6.42%, less than half of the current level.

We recommend that Council review its collection procedures to determine whether this ratio can be reduced to more acceptable parameters.

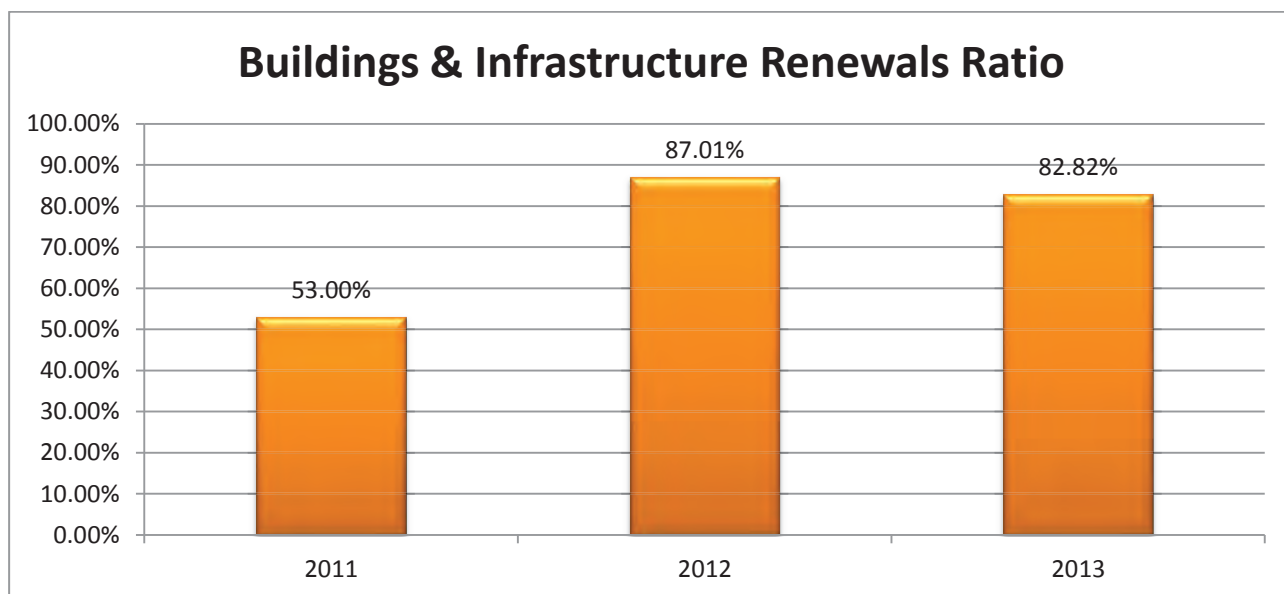
### **Water and Sewer Fund Rates and Annual Charges Outstanding Percentage**



The above graphs illustrate the rates and annual charges outstanding percentages for water and sewer funds. These percentages can often be influenced by the invoicing of charges at the end of the financial year.

### **Buildings and Infrastructure Renewals Ratio**

The purpose of this ratio is to assess the rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating. Renewal is defined as the replacement of existing assets of equivalent capacity or performance as opposed to the acquisition of new assets with additional capacity or performance. This performance indicator has only recently been introduced by the NSW Division of Local Government and has been mandatory for the last three years. The graph below has been prepared on a consolidated basis.



The asset renewal ratio for General, Water and Sewer funds for the 2013 financial year are 78.20%, 168.42% & 138.86% respectively.

This ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance. It should be noted that Council has incurred expenditure during the year to increase the capacity of existing assets. By definition, this type of expenditure is not included in the asset renewal ratio to the extent of the increased capacity.

Industry benchmarking recommends that asset renewals equate to the related depreciation expense, or be in the range of 90-100%. We recommend that Council review its asset information systems to ensure all asset renewal expenditure is captured as well as the organisation's capacity to achieve a higher asset renewal ratio as part of its asset management planning.

## 7. INTERNAL CONTROL ENVIRONMENT

No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a modified audit opinion.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and his staff.

Yours faithfully

**THOMAS NOBLE & RUSSELL**

  
G W DWYER (Partner)  
Registered Company Auditor



# KYOGLE COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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**Gateway to the Rainforests**



## KYOGLE COUNCIL

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

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

## KYOGLE 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 Guidelines.

**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 28 October 2013.**

  
Danielle Mulholland  
MAYOR

  
Maggie Creedy  
COUNCILLOR

  
Arthur Piggott  
GENERAL MANAGER

  
Glenn Rose  
RESPONSIBLE ACCOUNTING OFFICER

## KYOGLE 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	548	511
User charges	479	443
Fees	2	11
Interest	5	11
Grants and contributions provided for non capital purposes	27	49
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>1,061</b>	<b>1,025</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	229	210
Borrowing costs	23	24
Materials and contracts	467	550
Depreciation and impairment	190	188
Water purchase charges	34	32
Loss on sale of assets	10	4
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	158	70
<b>Total expenses from continuing operations</b>	<b>1,111</b>	<b>1,078</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(50)</b>	<b>(53)</b>
Grants and contributions provided for capital purposes	26	94
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(24)</b>	<b>41</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(24)</b>	<b>41</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(24)</b>	<b>41</b>
plus Opening Retained Profits	7,952	7,911
plus/less: Prior Period Adjustments		-
plus/less: Other Adjustments ( <a href="#">details here...</a> )		-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid		-
- Surplus dividend paid		-
<b>Closing Retained Profits</b>	<b>7,928</b>	<b>7,952</b>
<b>Return on Capital %</b>	<b>-0.2%</b>	<b>-0.3%</b>
<b>Subsidy from Council</b>	<b>n/a</b>	<b>n/a</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(24)	41
less: Capital grants and contributions (excluding developer contributions)	(24)	1
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>42</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>21</b>

## KYOGLE 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	891	830
User charges	170	177
Liquid Trade Waste charges	18	15
Fees	-	-
Interest	15	37
Grants and contributions provided for non capital purposes	26	27
Profit from the sale of assets	-	-
Other income	(7)	9
<b>Total income from continuing operations</b>	<b>1,113</b>	<b>1,095</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	274	215
Borrowing costs	70	72
Materials and contracts	546	549
Depreciation and impairment	193	336
Loss on sale of assets	24	335
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	85	57
<b>Total expenses from continuing operations</b>	<b>1,192</b>	<b>1,564</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(79)</b>	<b>(469)</b>
Grants and contributions provided for capital purposes	2	198
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(77)</b>	<b>(271)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(77)</b>	<b>(271)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(77)</b>	<b>(271)</b>
plus Opening Retained Profits	8,975	9,246
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments ( <a href="#">details here...</a> )	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>8,898</b>	<b>8,975</b>
<b>Return on Capital %</b>	<b>0.0%</b>	<b>-1.8%</b>
<b>Subsidy from Council</b>	<b>n/a</b>	<b>n/a</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(77)	(271)
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>



## KYOGLE COUNCIL

### Income Statement of Council's Other Business Activities for the financial year ended 30 June 2013

	Domestic Waste		Quarries	
	Category 2		Category 2	
\$ '000	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
Access charges	750	699	-	-
User charges	-	-	662	460
Fees	-	-	-	-
Interest	7	6	-	-
Grants and contributions provided for non capital purposes	28	33	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
<b>Total income from continuing operations</b>	<b>785</b>	<b>738</b>	<b>662</b>	<b>460</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	223	229	64	33
Borrowing costs	41	77	(13)	10
Materials and contracts	541	534	352	239
Depreciation and impairment	34	(105)	36	43
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	-	-	-	-
<b>Total expenses from continuing operations</b>	<b>839</b>	<b>735</b>	<b>439</b>	<b>325</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(54)</b>	<b>3</b>	<b>223</b>	<b>135</b>
Grants and contributions provided for capital purposes	30	28	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(24)</b>	<b>31</b>	<b>223</b>	<b>135</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(24)</b>	<b>31</b>	<b>223</b>	<b>135</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(1)	(67)	(41)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(24)</b>	<b>30</b>	<b>156</b>	<b>95</b>
<b>plus Opening Retained Profits</b>	(259)	(290)	973	838
<b>plus/less: Prior Period Adjustments</b>	-	-	-	-
<b>plus/less: Other Adjustments</b> (details here...)	-	-	-	-
<b>plus Adjustments for amounts unpaid:</b>				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	1	67	41
<b>add:</b>				
- Subsidy Paid/Contribution To Operations	-	-	-	-
<b>less:</b>				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>(283)</b>	<b>(259)</b>	<b>1,196</b>	<b>973</b>
<b>Return on Capital %</b>	<b>-1.6%</b>	<b>7.9%</b>	<b>29.9%</b>	<b>27.2%</b>
<b>Subsidy from Council</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>-</b>



## KYOGLE COUNCIL

### Income Statement of Council's Other Business Activities for the financial year ended 30 June 2013

	Transport	
	Category 1	
\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	5,140	4,043
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>5,140</b>	<b>4,043</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	542	713
Borrowing costs	-	-
Materials and contracts	4,056	3,142
Depreciation and impairment	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>4,598</b>	<b>3,855</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>542</b>	<b>188</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>542</b>	<b>188</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>542</b>	<b>188</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(163)	(56)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>379</b>	<b>132</b>
<b>plus Opening Retained Profits</b>	2,468	2,500
<b>plus/less: Prior Period Adjustments</b>		-
<b>plus/less: Other Adjustments</b> ( <a href="#">details here...</a> )		-
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	163	56
<b>add:</b>		
- Subsidy Paid/Contribution To Operations		-
<b>less:</b>		
- TER dividend paid		-
- Dividend paid	(205)	(220)
<b>Closing Retained Profits</b>	<b>2,805</b>	<b>2,468</b>
<b>Return on Capital %</b>	<b>n/a</b>	<b>n/a</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>

## KYOGLE COUNCIL

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

<b>\$ '000</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2	636
Receivables	288	301
<b>Total Current Assets</b>	<b>290</b>	<b>937</b>
<b>Non-Current Assets</b>		
Infrastructure, property, plant and equipment	11,762	11,388
<b>Total non-Current Assets</b>	<b>11,762</b>	<b>11,388</b>
<b>TOTAL ASSETS</b>	<b>12,052</b>	<b>12,325</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	18	-
Payables	1	528
Interest bearing liabilities	12	10
Provisions	60	44
<b>Total Current Liabilities</b>	<b>91</b>	<b>582</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	255	267
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>255</b>	<b>267</b>
<b>TOTAL LIABILITIES</b>	<b>346</b>	<b>849</b>
<b>NET ASSETS</b>	<b>11,706</b>	<b>11,476</b>
<b>EQUITY</b>		
Retained earnings	7,928	7,952
Revaluation reserves	3,778	3,524
Council equity interest	11,706	11,476
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>11,706</b>	<b>11,476</b>

## KYOGLE COUNCIL

### Statement of Financial Position - Council's Sewerage Business Activity as at 30 June 2013

<b>\$ '000</b>	<b>Actual 2013</b>	<b>Actual 2012</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	733	893
Receivables	284	257
<b>Total Current Assets</b>	<b>1,017</b>	<b>1,150</b>
<b>Non-Current Assets</b>		
Infrastructure, property, plant and equipment	22,067	21,460
<b>Total non-Current Assets</b>	<b>22,067</b>	<b>21,460</b>
<b>TOTAL ASSETS</b>	<b>23,084</b>	<b>22,610</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	5	5
Interest bearing liabilities	20	21
Provisions	60	44
<b>Total Current Liabilities</b>	<b>85</b>	<b>70</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	923	943
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>923</b>	<b>943</b>
<b>TOTAL LIABILITIES</b>	<b>1,008</b>	<b>1,013</b>
<b>NET ASSETS</b>	<b>22,076</b>	<b>21,597</b>
<b>EQUITY</b>		
Retained earnings	8,898	8,975
Revaluation reserves	13,178	12,622
Council equity interest	22,076	21,597
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>22,076</b>	<b>21,597</b>

## KYOGLE COUNCIL

### Statement of Financial Position - Council's Other Business Activities as at 30 June 2013

	Domestic Waste		Quarries	
	Category 2		Category 2	
\$ '000	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	73	1,077	884
Receivables	141	133	-	-
Inventories	-	-	170	190
<b>Total Current Assets</b>	<b>141</b>	<b>206</b>	<b>1,247</b>	<b>1,074</b>
<b>Non-Current Assets</b>				
Infrastructure, property, plant and equipment	819	1,007	703	534
<b>Total Non-Current Assets</b>	<b>819</b>	<b>1,007</b>	<b>703</b>	<b>534</b>
<b>TOTAL ASSETS</b>	<b>960</b>	<b>1,213</b>	<b>1,950</b>	<b>1,608</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	30	-	-	-
Payables	-	90	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>30</b>	<b>90</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>				
Provisions	1,213	1,382	302	315
<b>Total Non-Current Liabilities</b>	<b>1,213</b>	<b>1,382</b>	<b>302</b>	<b>315</b>
<b>TOTAL LIABILITIES</b>	<b>1,243</b>	<b>1,472</b>	<b>302</b>	<b>315</b>
<b>NET ASSETS</b>	<b>(283)</b>	<b>(259)</b>	<b>1,648</b>	<b>1,293</b>
<b>EQUITY</b>				
Retained earnings	(283)	(259)	1,196	973
Revaluation reserves	-	-	452	320
Council equity interest	<b>(283)</b>	<b>(259)</b>	<b>1,648</b>	<b>1,293</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>(283)</b>	<b>(259)</b>	<b>1,648</b>	<b>1,293</b>

## KYOGLE COUNCIL

Statement of Financial Position - Council's Other Business Activities  
as at 30 June 2013

	Transport	
	Category 1	
\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,291	564
Receivables	514	1,904
<b>Total Current Assets</b>	<b>2,805</b>	<b>2,468</b>
<b>Non-Current Assets</b>		
<b>Total Non-Current Assets</b>	-	-
<b>TOTAL ASSETS</b>	<b>2,805</b>	<b>2,468</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	-	-
<b>Non-Current Liabilities</b>		
<b>Total Non-Current Liabilities</b>	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>NET ASSETS</b>	<b>2,805</b>	<b>2,468</b>
<b>EQUITY</b>		
Retained earnings	2,805	2,468
Revaluation reserves	-	-
Council equity interest	<b>2,805</b>	<b>2,468</b>
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>2,805</b>	<b>2,468</b>

## KYOGLE 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	12 - 14
2	Water Supply Business Best Practice Management disclosure requirements	15 - 16
3	Sewerage Business Best Practice Management disclosure requirements	17 - 19

## Kyogle Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Transport

Contract Road Construction and Maintenance

##### Category 2

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

##### a. Water

Water Supply

##### b. Sewer

Sewerage Services

##### c. Domestic Waste

Domestic Waste Management

##### d. Quarries

Quarrying Operations

#### 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.

## Kyogle Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

## Note 1. Significant Accounting Policies

### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

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

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

#### Notional Rate Applied %

##### Corporate Income Tax Rate – 30%

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

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

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

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

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



## Kyogle Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

##### (ii) Subsidies

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

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

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

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

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

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

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

The Rate of Return on Capital is calculated as follows:

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

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

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

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

##### (iv) Dividends

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

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

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

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

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

# KYOGLE 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	5,856
(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	58,560
(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	(154,000)

2013 Surplus	(48,000)	2012 Surplus	42,000	2011 Surplus	(148,000)
		2012 Dividend	-	2011 Dividend	-

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

#### 3. Required outcomes for 6 Criteria

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

(i)	Complete Current Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	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	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

# KYOGLE COUNCIL

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

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

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

**2013**

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

<b>NWI F1</b>	<b>Total Revenue (Water)</b> Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,063
<b>NWI F4</b>	<b>Revenue from Residential Usage Charges (Water)</b> 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)]	%	41.59%
<b>NWI F9</b>	<b>Written Down Replacement Cost of Fixed Assets (Water)</b> Written down current cost of system assets (w47)	\$'000	11,762
<b>NWI F11</b>	<b>Operating Cost (OMA) (Water)</b> Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	867
<b>NWI F14</b>	<b>Capital Expenditure (Water)</b> Acquisition of fixed assets (w16)	\$'000	320
<b>NWI F17</b>	<b>Economic Real Rate of Return (Water)</b> [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	0.05%
<b>NWI F26</b>	<b>Capital Works Grants (Water)</b> Grants for the Acquisition of Assets (w11a)	\$'000	24

- 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.

## KYOGLE 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	5,388
(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)	53,880
(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	(547,000)

2013 Surplus	(77,000)	2012 Surplus	(271,000)	2011 Surplus	(199,000)
		2012 Dividend	-	2011 Dividend	-

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

##### 3. Required outcomes for 4 Criteria

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

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

## KYOGLE 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

<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	1,110
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	22,067
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	905
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	268
<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)]	%	0.05%
<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	2,139
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	2.48%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	588
<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)]	%	0.98%
<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%

## KYOGLE 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) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	3.64%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest:		-
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(125)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	53

- 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.

**KYOGLE COUNCIL  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDIT REPORT**

**Report on the Financial Statements**

We have audited the accompanying financial statements, being special purpose financial statements, of Kyogle Council (the Council), which comprises the statement of financial position as at 30 June 2013, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

**Councils' Responsibility for the Financial Statements**

The Council is responsible for the preparation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Local Government Act 1993* and meet the needs of the Division of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3, and accordingly, we do not express an opinion on such. 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 have complied with the independence requirements of the Australian professional accounting bodies.

## **Audit Opinion**

In our opinion, the special purpose financial statements of Kyogle Council:

- a) Have been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
  - i. Are consistent with the Council's accounting records;
  - ii. Present fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2013 and the results of their operations for the year then ended;
- b) All information relevant to the conduct of the audit has been obtained; and
- c) There are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

## **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

This auditor's report relates to the special purpose financial statements of Kyogle Council for the year ended 30 June 2013 included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

## **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

## **THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS**

  
G W DWYER (Partner)  
Registered Company Auditor

Dated at Lismore this 28<sup>th</sup> day of October 2013.





# KYOGLE COUNCIL

SPECIAL SCHEDULES  
for the year ended 30 June 2013

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**Gateway to the Rainforests**



# KYOGLE 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.

# KYOGLE 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>	<b>154</b>	-	-	<b>(154)</b>
<b>Administration</b>	<b>2,018</b>	<b>101</b>	-	<b>(1,917)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	262	-	(3)	<b>(265)</b>
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	121	24	-	<b>(97)</b>
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>383</b>	<b>24</b>	<b>(3)</b>	<b>(362)</b>
<b>Health</b>	<b>182</b>	<b>161</b>	-	<b>(21)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	105	-	-	<b>(105)</b>
Other Environmental Protection	-	-	-	-
Solid Waste Management	1,550	1,212	59	<b>(279)</b>
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	540	429	90	<b>(21)</b>
<b>Total Environment</b>	<b>2,195</b>	<b>1,641</b>	<b>149</b>	<b>(405)</b>
<b>Community Services and Education</b>				
Administration & Education	93	22	25	<b>(46)</b>
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	<b>93</b>	<b>22</b>	<b>25</b>	<b>(46)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	155	78	-	<b>(77)</b>
Public Conveniences	-	-	-	-
Street Lighting	157	32	-	<b>(125)</b>
Town Planning	216	163	-	<b>(53)</b>
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>528</b>	<b>273</b>	-	<b>(255)</b>
<b>Water Supplies</b>	<b>1,109</b>	<b>1,059</b>	<b>26</b>	<b>(24)</b>
<b>Sewerage Services</b>	<b>1,192</b>	<b>1,113</b>	<b>2</b>	<b>(77)</b>

# KYOGLE 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	367	57	-	(310)
Museums	-	-	-	-
Art Galleries	79	4	-	(75)
Community Centres and Halls	503	37	1	(465)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	620	114	-	(506)
Parks & Gardens (Lakes)	490	3	1,788	1,301
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	<b>2,059</b>	<b>215</b>	<b>1,789</b>	<b>(55)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	70	33	-	(37)
Other Mining, Manufacturing & Construction	439	662	-	223
<b>Total Mining, Manufacturing and Const.</b>	<b>509</b>	<b>695</b>	-	<b>186</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	696	-	28	(668)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	4,786	1,777	1,602	(1,407)
Sealed Rural Roads (SRR) - Regional	2,367	1,112	915	(340)
Unsealed Rural Roads (URR) - Local	3,473	-	-	(3,473)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	1,926	-	306	(1,620)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	3,295	5,344	-	2,049
<b>Total Transport and Communication</b>	<b>16,543</b>	<b>8,233</b>	<b>2,851</b>	<b>(5,459)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	152	20	-	(132)
<b>Total Economic Affairs</b>	<b>152</b>	<b>20</b>	-	<b>(132)</b>
<b>Totals – Functions</b>	<b>27,117</b>	<b>13,557</b>	<b>4,839</b>	<b>(8,721)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>9,156</b>		<b>9,156</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>27,117</b>	<b>22,713</b>	<b>4,839</b>	<b>435</b>

(1) As reported in the Income Statement

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

# KYOGLE 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	31	1,210	1,241	-	31	-	-	93	32	1,178	1,210
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>31</b>	<b>1,210</b>	<b>1,241</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>32</b>	<b>1,178</b>	<b>1,210</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>31</b>	<b>1,210</b>	<b>1,241</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>32</b>	<b>1,178</b>	<b>1,210</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).

## KYOGLE COUNCIL

### Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2013

\$'000

#### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General			
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
<b>Totals</b>	-	-	-

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

#### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
<b>Totals</b>							-	-	-

## KYOGLE 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</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	230	129
b. Engineering and Supervision	83	81
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	104	148
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	37	41
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	98	80
i. Maintenance expenses	41	105
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	196	235
k. Chemical costs	44	11
l. Maintenance expenses	-	-
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	34	32
<b>3. Depreciation expenses</b>		
a. System assets	190	188
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	23	24
b. Revaluation Decrements	-	-
c. Other expenses	21	-
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>1,101</b>	<b>1,074</b>

## KYOGLE 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)	403	371
b. Usage charges	287	276
<b>7. Non-residential charges</b>		
a. Access (including rates)	145	140
b. Usage charges	190	166
<b>8. Extra charges</b>	5	11
<b>9. Interest income</b>	-	-
<b>10. Other income</b>	4	13
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	24	-
b. Grants for pensioner rebates	27	26
c. Other grants	-	22
<b>12. Contributions</b>		
a. Developer charges	2	49
b. Developer provided assets	-	45
c. Other contributions	-	-
<b>13. Total income</b>	<b>1,087</b>	<b>1,119</b>
<b>14. Gain (or loss) on disposal of assets</b>	(10)	(4)
<b>15. Operating Result</b>	<b>(24)</b>	<b>41</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(48)	41



## KYOGLE 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	-	612
c. Renewals	320	176
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	10	10
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>330</b>	<b>798</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	10	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>10</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	1,546	1,641
b. Residential (unoccupied, ie. vacant lot)	106	94
c. Non-residential (occupied)	300	257
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>25. Number of ETs for which developer charges were received</b>	1 ET	49 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 48,551	\$ 48,429

## KYOGLE 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>			
<b>a.</b> Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>	<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>b.</b> Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
<b>d.</b> Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
<b>a.</b> Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
<b>b.</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.

## KYOGLE 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	2	-	2
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	-	-	-
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	174	-	174
c. User Charges	108	-	108
d. Other	6	-	6
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	11,762	11,762
b. Plant and equipment	-	-	-
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>290</b>	<b>11,762</b>	<b>12,052</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	18	-	18
<b>37. Creditors</b>	1	-	1
<b>38. Borrowings</b>			
a. Loans	11	256	267
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	60	-	60
<b>40. Total liabilities</b>	<b>90</b>	<b>256</b>	<b>346</b>
<b>41. NET ASSETS COMMITTED</b>	<b>200</b>	<b>11,506</b>	<b>11,706</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			7,928
<b>43. Asset revaluation reserve</b>			3,778
<b>44. TOTAL EQUITY</b>			<b>11,706</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			21,441
<b>46. Accumulated current cost</b> depreciation of system assets			(9,679)
<b>47. Written down current cost</b> of system assets			<b>11,762</b>

## KYOGLE 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</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	179	170
b. Engineering and Supervision	67	65
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	71	58
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	164	151
d. Energy costs	49	38
e. Maintenance expenses	-	-
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	326	271
g. Chemical costs	30	51
h. Energy costs	19	17
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	193	336
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	70	72
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>1,168</b>	<b>1,229</b>

## KYOGLE 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)	880	820
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	170	177
<b>8. Trade Waste Charges</b>		
a. Annual Fees	11	10
b. Usage charges	18	15
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	10	10
<b>10. Interest income</b>	5	27
<b>11. Other income</b>	(7)	9
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	26	26
c. Other grants	-	1
<b>13. Contributions</b>		
a. Developer charges	2	49
b. Developer provided assets	-	149
c. Other contributions	-	-
<b>14. Total income</b>	<b>1,115</b>	<b>1,293</b>
<b>15. Gain (or loss) on disposal of assets</b>	(24)	(335)
<b>16. Operating Result</b>	<b>(77)</b>	<b>(271)</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(77)	(271)

## KYOGLE 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	-	149
c. Renewals	268	403
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	21	19
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>289</b>	<b>571</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	24	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>24</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,494	1,464
b. Residential (unoccupied, ie. vacant lot)	110	129
c. Non-residential (occupied)	192	196
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>26. Number of ETs for which developer charges were received</b>	1 ET	49 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 46,560	\$ 46,441

## KYOGLE 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"/>	
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"/>			
<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 <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> 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"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>
<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>			

## KYOGLE 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	26	-	26
b. Special purpose grants	-	-	-
c. Accrued leave	37	-	37
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	670	-	670
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	214	-	214
c. User Charges	45	-	45
d. Other	25	-	25
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	22,067	22,067
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>1,017</b>	<b>22,067</b>	<b>23,084</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	5	-	5
<b>39. Borrowings</b>			
a. Loans	20	923	943
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	60	-	60
<b>41. Total Liabilities</b>	<b>85</b>	<b>923</b>	<b>1,008</b>
<b>42. NET ASSETS COMMITTED</b>	<b>932</b>	<b>21,144</b>	<b>22,076</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			8,898
<b>44. Asset revaluation reserve</b>			13,178
<b>45. TOTAL EQUITY</b>			<b>22,076</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			28,332
<b>47. Accumulated current cost</b> depreciation of system assets			(6,265)
<b>48. Written down current cost</b> of system assets			<b>22,067</b>



## KYOGLE 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) are 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) include 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

		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
ASSET CLASS	Asset Category										
<b>Buildings</b>		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Council Offices	1.00%	37		2,545	1,380	1,165	1	17	16	5
	Bushfire	1.00%	22		1,922	590	1,332	2	50	7	8
	Health	1.00%	-		130	117	13	5	70	1	4
	Animal Control	1.00%	1		48	14	34	2	10	2	2
	Preschools	1.00%	13		1,199	565	634	2	60	6	6
	Cemeteries	1.00%	2		59	28	31	3	30	7	5
	Library	1.00%	10		940	161	779	3	30	5	5
	Public Halls	1.00%	182		11,165	6,750	4,415	3	1,450	32	30
	Pools	1.00%	28		1,766	878	888	3	180	20	20
	Parks & Gardens	1.00%	46		2,948	1,300	1,648	2	150	12	16
	Commercial Waste	1.00%	2		126	66	60	4	20	2	6
	Domestic Waste	1.00%	-		16	-	16	1	-	1	1
	Quarries	1.00%	1		41	31	10	4	4	2	1
	Works Depots	1.00%	38		1,374	327	1,047	3	25	10	8
	<b>sub total</b>			<b>382</b>	<b>-</b>	<b>24,279</b>	<b>12,207</b>	<b>12,072</b>		<b>2,096</b>	<b>123</b>
<b>Other Structures</b>											
	Assets not included in Buildings	5.00%	187		9,658	4,134	5,524	3	130	50	30
	<b>sub total</b>		<b>187</b>	<b>-</b>	<b>9,658</b>	<b>4,134</b>	<b>5,524</b>		<b>130</b>	<b>50</b>	<b>30</b>

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Special Schedule No. 7 - Condition of Public Works (continued)  
as at 30 June 2013

		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
ASSET CLASS	Asset Category										
<b>Drainage Works</b>		per Note 1	per Note 4	<<<<<<<<<<<<<<<<<>>>>>>>>>>>>							
	Infrastructure	1.00%	106		23,592	5,639	17,953	2	2,195	61	40
	<b>sub total</b>		<b>106</b>	-	<b>23,592</b>	<b>5,639</b>	<b>17,953</b>		<b>2,195</b>	<b>61</b>	<b>40</b>
	<b>TOTAL - ALL ASSETS</b>		<b>6,433</b>	-	<b>416,440</b>	<b>161,284</b>	<b>255,156</b>		<b>42,785</b>	<b>6,784</b>	<b>3,771</b>

- (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

## KYOGLE 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
<b>(i) OPERATING BUDGET</b>										
Income from continuing operations	27,552	19,332	21,915	19,470	20,132	20,535	21,107	21,848	22,307	22,935
Expenses from continuing operations	27,117	21,138	21,664	22,190	22,605	22,844	23,215	23,636	24,120	24,546
<b>Operating Result from Continuing Operations</b>	<b>435</b>	<b>(1,806)</b>	<b>251</b>	<b>(2,720)</b>	<b>(2,473)</b>	<b>(2,309)</b>	<b>(2,108)</b>	<b>(1,788)</b>	<b>(1,813)</b>	<b>(1,611)</b>
<b>(ii) CAPITAL BUDGET</b>										
New Capital Works <sup>(2)</sup>	2,025	856	4,745	740	838	863	889	916	943	971
Replacement/Refurbishment of Existing Assets	7,640	5,274	5,481	4,259	4,567	4,648	4,860	5,054	5,027	5,211
<b>Total Capital Budget</b>	<b>9,665</b>	<b>6,130</b>	<b>10,226</b>	<b>4,999</b>	<b>5,405</b>	<b>5,511</b>	<b>5,749</b>	<b>5,970</b>	<b>5,970</b>	<b>6,182</b>
<b>Funded by:</b>										
– Loans	-	300	2,000	-	-	-	-	-	-	-
– Asset sales	569	496	511	526	542	558	575	592	610	628
– Reserves	1,771	2,119	3,380	1,851	2,064	1,984	2,184	2,105	2,184	2,323
– Grants/Contributions	4,839	2,056	4,335	1,313	1,452	1,455	1,468	1,625	1,483	1,491
– Recurrent revenue	2,486	1,159	-	1,309	1,347	1,514	1,522	1,648	1,693	1,740
– Other	-	-	-	-	-	-	-	-	-	-
	<b>9,665</b>	<b>6,130</b>	<b>10,226</b>	<b>4,999</b>	<b>5,405</b>	<b>5,511</b>	<b>5,749</b>	<b>5,970</b>	<b>5,970</b>	<b>6,182</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.