

Byron Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

"Byron Shire...a thriving and vibrant community
where residents and visitors can live, work
and play in a sustainable environment"



Byron Shire 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 Byron Shire Council.

(ii) Byron Shire 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 31 October 2013. Council has the power to amend and reissue these financial statements.

Byron Shire Council

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

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

Byron Shire 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.

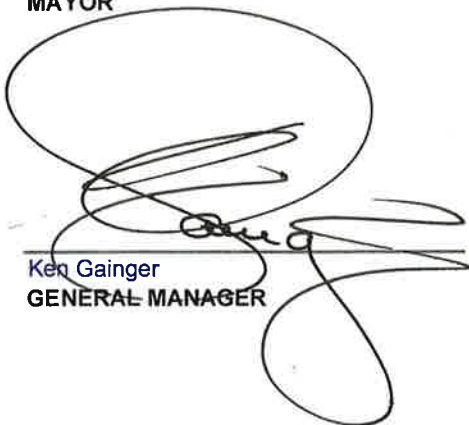
Signed in accordance with a resolution of Council made on 31 October 2013.



Cr Simon Richardson
MAYOR



Cr Basil Cameron
COUNCILLOR



Ken Gainger
GENERAL MANAGER



James Brickley
RESPONSIBLE ACCOUNTING OFFICER

Byron Shire Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾			Actual	Actual
2013	\$ '000	Notes	2013	2012
Income from Continuing Operations				
Revenue:				
29,866	Rates & Annual Charges	3a	30,685	28,630
19,589	User Charges & Fees	3b	20,138	19,258
1,932	Interest & Investment Revenue	3c	3,231	4,454
1,063	Other Revenues	3d	1,207	970
5,420	Grants & Contributions provided for Operating Purposes	3e,f	10,581	9,452
3,963	Grants & Contributions provided for Capital Purposes	3e,f	2,567	8,742
Other Income:				
-	Net gains from the disposal of assets	5	33	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
61,832	Total Income from Continuing Operations		68,442	71,506
Expenses from Continuing Operations				
17,658	Employee Benefits & On-Costs	4a	19,063	18,594
5,340	Borrowing Costs	4b	5,539	5,355
20,159	Materials & Contracts	4c	26,566	25,518
16,496	Depreciation & Amortisation	4d	18,810	16,808
-	Impairment	4d	-	224
6,673	Other Expenses	4e	6,293	5,465
-	Net Losses from the Disposal of Assets	5	-	2,987
66,327	Total Expenses from Continuing Operations		76,272	74,951
(4,495)	Operating Result from Continuing Operations		(7,830)	(3,445)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(4,495)	Net Operating Result for the Year		(7,830)	(3,445)
(4,495)	Net Operating Result attributable to Council		(7,830)	(3,445)
-	Net Operating Result attributable to Non-controlling Interests		-	-
(8,458)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(10,397)	(12,187)

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

Byron Shire Council

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

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		(7,830)	(3,445)
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	38,462	19,856
Total Items which will not be reclassified subsequently to the Operating Result		38,462	19,856
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		38,462	19,856
Total Comprehensive Income for the Year		30,632	16,411
Total Comprehensive Income attributable to Council		30,632	16,411
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Byron Shire Council

Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	42,456	26,939
Investments	6b	8,283	16,267
Receivables	7	9,059	7,173
Inventories	8	891	410
Other	8	57	1,308
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		60,746	52,097
Non-Current Assets			
Investments	6b	7,642	15,640
Receivables	7	631	572
Inventories	8	1,223	-
Infrastructure, Property, Plant & Equipment	9	818,038	789,851
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		827,535	806,063
TOTAL ASSETS		888,281	858,160
LIABILITIES			
Current Liabilities			
Payables	10	6,662	7,445
Borrowings	10	2,727	2,661
Provisions	10	4,802	4,608
Total Current Liabilities		14,191	14,714
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	70,151	70,123
Provisions	10	1,210	1,225
Total Non-Current Liabilities		71,361	71,348
TOTAL LIABILITIES		85,551	86,062
Net Assets		802,730	772,098
EQUITY			
Retained Earnings	20	444,799	452,629
Revaluation Reserves	20	357,931	319,469
Council Equity Interest		802,730	772,098
Non-controlling Interests		-	-
Total Equity		802,730	772,098

Byron Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		452,629	319,469	772,098	-	772,098
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		452,629	319,469	772,098	-	772,098
c. Net Operating Result for the Year		(7,830)	-	(7,830)	-	(7,830)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	38,462	38,462	-	38,462
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	38,462	38,462	-	38,462
Total Comprehensive Income (c&d)		(7,830)	38,462	30,632	-	30,632
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		444,799	357,931	802,730	-	802,730

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		455,581	299,613	755,194	-	755,194
a. Correction of Prior Period Errors	20 (c)	493	-	493	-	493
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		456,074	299,613	755,687	-	755,687
c. Net Operating Result for the Year		(3,445)	-	(3,445)	-	(3,445)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	19,856	19,856	-	19,856
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	19,856	19,856	-	19,856
Total Comprehensive Income (c&d)		(3,445)	19,856	16,411	-	16,411
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		452,629	319,469	772,098	-	772,098

Byron Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
29,866	Rates & Annual Charges		30,644	28,500
19,589	User Charges & Fees		20,123	18,629
1,932	Investment & Interest Revenue Received		2,666	2,788
9,382	Grants & Contributions		11,552	17,176
-	Bonds, Deposits & Retention amounts received		-	176
1,063	Other		576	668
Payments:				
(17,658)	Employee Benefits & On-Costs		(18,903)	(18,126)
(20,159)	Materials & Contracts		(27,172)	(27,130)
(5,340)	Borrowing Costs		(5,383)	(5,128)
-	Bonds, Deposits & Retention amounts refunded		(113)	-
(6,673)	Other		(5,258)	(5,150)
12,001	Net Cash provided (or used in) Operating Activities	11b	8,733	12,402
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		16,599	6,853
-	Sale of Infrastructure, Property, Plant & Equipment		480	265
Payments:				
-	Purchase of Investment Securities		-	(6,489)
(8,557)	Purchase of Infrastructure, Property, Plant & Equipment		(7,024)	(12,082)
-	Purchase of Real Estate Assets		(3,364)	-
(8,557)	Net Cash provided (or used in) Investing Activities		6,691	(11,454)
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		2,800	-
Payments:				
(2,677)	Repayment of Borrowings & Advances		(2,706)	(2,635)
(2,677)	Net Cash Flow provided (used in) Financing Activities		94	(2,635)
767	Net Increase/(Decrease) in Cash & Cash Equivalents		15,517	(1,687)
28,626	plus: Cash & Cash Equivalents - beginning of year	11a	26,939	28,626
29,393	Cash & Cash Equivalents - end of the year	11a	42,456	26,939
Additional Information:				
	plus: Investments on hand - end of year	6b	15,925	31,907
	Total Cash, Cash Equivalents & Investments		58,381	58,846

Please refer to Note 11 for additional cash flow information

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

Byron Shire 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 (aa) 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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) Estimated fair values of infrastructure, property, plant and equipment.
- (ii) 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

Byron Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year. The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

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

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

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

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

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

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

(iii) Joint Ventures

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 & 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 & 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 & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

- **Rous County Council (Rous Water)**
Provision of bulk water supplies
- **Far North Coast Weeds County Council**
Control of noxious weeds

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

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

(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.

The interest element of the finance charge is costed to the income statement over the lease period so as

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.**

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 &/or are expected to be realised within 12 months of the reporting date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

(iii) Types of Investments

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

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

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

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

uncollectible in a subsequent period, it is written off against the allowance account.

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

(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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

Acquisition of assets

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

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

- **Water and Sewerage Networks**
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (External Valuation by NSW Valuer General)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(Internal Valuation)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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	> \$1,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$1,000
Other Structures	> \$1,000

Water & Sewer Assets

Reticulation extensions	> \$1,000
Other	> \$1,000

Stormwater Assets

Drains & Culverts	> \$1,000
Other	> \$1,000

Transport Assets

Road construction & reconstruction	> \$1,000
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Reseal/Re-sheet & major repairs:	> \$1,000
Bridge construction & reconstruction	> \$1,000

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

Stormwater Drainage

- Drains	30 to 60 years
- Culverts	30 to 60 years

Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years

- Bridge : Concrete	100 years
- Bridge : Other	50 years

- Road Pavements	50 years
- Kerb, Gutter & Paths	50 years

Water & Sewer Assets

- Dams and reservoirs	40 to 100 years
- Bores	20 to 50 years
- Reticulation pipes : PVC	70 to 80 years
- Reticulation pipes : Other	40 to 80 years
- Pumps and telemetry	10 to 25 years

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Other Infrastructure Assets	
- Bulk earthworks	Infinite

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(r) on Impairment of Assets.

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.

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.

Change in Accounting Estimate

During the 2013 financial year, Council reassessed the remaining useful lives of building, water and sewer assets. The effective date of the reassessment was 30 June 2013. The impact of this reassessment in useful lives will impact the depreciation expense in future years. Council estimates that the 2014 depreciation expense relating to these asset classes will decrease by \$2.8 million and impact the operating result by the same.

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

The amortisation or 'unwinding' of the discount applied in establishing the net present value of

provisions is charged to the income statement in each accounting period.

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

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

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

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

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

(q) 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 statement of financial position.

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

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

(r) Impairment of assets

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

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

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

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

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

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

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

(s) 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.

(t) Borrowings

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

Borrowings are subsequently measured at amortised cost.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

(u) Borrowing costs

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.

(v) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

Provisions are measured at the present value of management's best estimate of the expenditure

required to settle the present obligation at the reporting date.

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

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

(w) 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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its

obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc, FIA, FIAA) on 20/02/13 and covers the period ended 30/06/13.

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 \$425,019.

The amount of additional contributions included in the total employer contribution advised above is \$174,456.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$811,106 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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

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

(x) Self insurance

Council does not self insure.

(y) 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.

(z) Taxes

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

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

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Statement of Financial Position are stated inclusive of any applicable GST.

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

Operating cash flows within the 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.

(aa) 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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 accounting for 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. Council does not currently classify any of its financial assets as available for sale.

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

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

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

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

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

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

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

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

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

settlement systems may be considered equivalent to net settlement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Council is still assessing the impact of these amendments.

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

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

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

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

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

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

The amendments will have to be implemented retrospectively.

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

(ab) Rounding of amounts

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

(ac) 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.

(ad) Disclaimer

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

Byron Shire Council

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2012	
Governance	-	-	-	-	-	-	-	-	-	-	-	255	-
Administration	611	851	639	3,398	3,664	5,035	(2,787)	(2,813)	(4,396)	5	6	72,416	67,937
Public Order & Safety	1,334	1,389	1,284	2,473	2,593	2,805	(1,139)	(1,204)	(1,521)	216	301	4,978	2,684
Health	179	166	215	545	554	497	(366)	(388)	(282)	-	-	-	-
Environment	5,581	6,284	6,540	7,510	9,216	8,083	(1,929)	(2,931)	(1,543)	452	264	52	-
Community Services & Education	1,833	1,769	1,818	2,742	2,729	3,186	(909)	(960)	(1,368)	1,009	1,132	16,330	12,716
Housing & Community Amenities	3,929	2,778	5,762	4,571	4,594	5,788	(642)	(1,816)	(26)	303	49	48,721	47,373
Water Supplies	7,399	7,495	7,596	7,428	7,888	7,492	(30)	(393)	104	79	93	67,163	64,457
Sewerage Services	13,337	13,490	13,038	14,290	16,393	13,655	(953)	(2,904)	(617)	77	78	154,858	169,567
Recreation & Culture	951	2,219	2,106	6,888	8,238	6,020	(5,937)	(6,019)	(3,914)	1,580	665	115,244	93,830
Mining, Manufacturing & Construction	727	786	912	2,294	1,291	1,243	(1,567)	(505)	(331)	-	-	1,807	2,200
Transport & Communication	1,579	5,654	6,185	10,854	15,136	17,703	(9,274)	(9,481)	(11,518)	422	1,838	374,246	367,146
Economic Affairs	3,470	4,119	3,279	3,336	4,191	3,577	134	(72)	(298)	-	-	32,211	30,250
Total Functions & Activities	40,929	47,000	49,374	66,327	76,487	75,084	(25,398)	(29,487)	(25,710)	4,141	4,427	888,281	858,160
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	20,903	21,656	22,267	-	-	-	20,903	21,656	22,267	2,586	3,359	-	-
Operating Result from Continuing Operations	61,832	68,656	71,641	66,327	76,487	75,084	(4,495)	(7,831)	(3,443)	6,728	7,786	888,281	858,160

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

Byron Shire 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, administration, other.

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, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, 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, real estate development, commercial nurseries, other business undertakings.

Byron Shire Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		12,779	11,852
Farmland		925	994
Business		3,111	3,285
Total Ordinary Rates		16,815	16,131
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		3,025	2,716
Stormwater Management Services		284	280
Water Supply Services		1,648	1,387
Sewerage Services		8,521	7,743
Waste Management Services (non-domestic)		393	373
Total Annual Charges		13,870	12,499
TOTAL RATES & ANNUAL CHARGES		30,685	28,630

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		5,106	5,119
Sewerage Services		3,866	3,661
Total User Charges		8,972	8,780
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Inspections		443	404
Building Services		324	302
Developer Fees		473	452
Dog Registration / Release		39	26
Engineering Services		27	43
Freedom of Information		5	4
Health Inspection		166	168
Private Works - Section 67		470	142
Regulatory/ Statutory Fees		62	28
Section 149 Certificates (EPA Act)		102	101
Section 603 Certificates		51	42
Total Fees & Charges - Statutory/Regulatory		2,162	1,711
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		66	52
Administration & Financial Services		16	36
Beach Control		1	2
Caravan Park		3,403	3,250
Cemeteries		177	167
Child Care		755	769
Leaseback Fees - Council Vehicles		260	256
New Years Eve		4	3
Parking Fees		663	564
Property Rentals & Leases		925	529
Public Halls		118	137
Quarry Revenues		16	267
Sewerage Charges		185	82
Swimming Pools		223	214
Waste		1,887	2,238
Water		44	69
Other		259	132
Total Fees & Charges - Other		9,004	8,767
TOTAL USER CHARGES & FEES		20,138	19,258

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		166	169
- Interest earned on Investments (interest & coupon payment income)		2,448	2,944
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		617	1,341
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>3,231</u>	<u>4,454</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		166	169
General Council Cash & Investments		2,088	2,699
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		402	928
- Section 64		497	580
Water Fund Operations		26	25
Sewerage Fund Operations		53	53
<u>Total Interest & Investment Revenue Recognised</u>		<u>3,231</u>	<u>4,454</u>
(d) Other Revenues			
Fines		1,053	970
Legal Fees Recovery - Other		5	-
Insurance Claim Recoveries		149	-
<u>TOTAL OTHER REVENUE</u>		<u>1,207</u>	<u>970</u>

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1,279	1,778	-	-
Financial Assistance - Local Roads Component	1,079	1,352	-	-
Pensioners' Rates Subsidies - General Component	228	229	-	-
Total General Purpose	2,586	3,359	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	79	78	-	-
- Sewerage	77	78	-	-
- Domestic Waste Management	61	58	-	-
Sewerage Services	-	-	-	(43)
Bushfire & Emergency Services	216	211	-	-
Child Care	827	1,019	-	-
Community Care	109	-	-	-
Community Services	73	22	-	-
Crown Lands Maintenance	176	173	-	-
Employment & Training Programs	5	6	-	-
Environmental Management	408	83	-	-
Flood Restoration	20	354	-	-
Foreshore Maintenance	23	23	-	-
Library	92	91	-	-
NSW Rural Fire Services	-	21	-	-
Recreation & Culture	1,249	-	62	183
Street Lighting	50	49	-	-
Transport (Roads to Recovery)	-	-	161	531
Transport (Other Roads & Bridges Funding)	-	-	261	1,307
Waste Management	192	183	-	-
Total Specific Purpose	3,657	2,449	484	1,978
Total Grants	6,243	5,808	484	1,978
Grant Revenue is attributable to:				
- Commonwealth Funding	3,207	4,042	161	531
- State Funding	3,036	1,765	323	1,447
- Other Funding	1	1	-	-
	6,243	5,808	484	1,978

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	1,088	2,048
S 64 - Water Supply Contributions	-	-	142	326
S 64 - Sewerage Service Contributions	-	-	521	1,024
Total Developer Contributions	17 -	-	1,751	3,398
Other Contributions:				
Dedications (other than by S94)	-	-	276	3,366
Roads & Bridges	3,579	2,916	56	-
RMS Contributions (Regional Roads, Block Grant)	759	728	-	-
Total Other Contributions	4,338	3,644	332	3,366
Total Contributions	4,338	3,644	2,083	6,764
TOTAL GRANTS & CONTRIBUTIONS	10,581	9,452	2,567	8,742

\$ '000	Actual 2013	Actual 2012
(g) Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	35,420	35,087
add: Grants & contributions recognised in the current period but not yet spent:	3,371	5,630
less: Grants & contributions recognised in a previous reporting period now spent:	(2,979)	(5,297)
Net Increase (Decrease) in Restricted Assets during the Period	392	333
Unexpended and held as Restricted Assets	35,812	35,420
Comprising:		
- Specific Purpose Unexpended Grants	1,159	1,207
- Developer Contributions	33,816	33,416
- Other Contributions	837	797
	35,812	35,420

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		14,385	14,876
Employee Leave Entitlements (ELE)		2,542	1,778
Superannuation		1,697	1,702
Workers' Compensation Insurance		670	866
Fringe Benefit Tax (FBT)		57	108
Payroll Tax		135	136
Training Costs (other than Salaries & Wages)		248	186
Total Employee Costs		19,735	19,652
less: Capitalised Costs		(671)	(1,058)
TOTAL EMPLOYEE COSTS EXPENSED		19,063	18,594
Number of "Equivalent Full Time" Employees at year end		247	244
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		5,392	5,297
Total Interest Bearing Liability Costs Expensed		5,392	5,297
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	147	58
Total Other Borrowing Costs		147	58
TOTAL BORROWING COSTS EXPENSED		5,539	5,355

Byron Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		20,298	20,166
Contractor & Consultancy Costs			
- Waste		1,939	1,840
- Cleaning		75	83
- Swimming Pools		392	387
- Security		59	100
- Caravan Parks		963	961
- Temporary Employment		1,475	1,324
- Surf Lifesaving		314	-
- Parent Support Program		100	-
Auditors Remuneration ⁽¹⁾		57	62
Infringement Notice Contract Costs (SEINS)		163	-
Legal Expenses:			
- Legal Expenses: Planning & Development		243	345
- Legal Expenses: Other		162	29
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		327	221
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>26,566</u>	<u>25,518</u>
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor:			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		57	62
Remuneration for audit and other assurance services		<u>57</u>	<u>62</u>
Total Auditor Remuneration		<u>57</u>	<u>62</u>
2. Operating Lease Payments are attributable to:			
Computers		327	221
		<u>327</u>	<u>221</u>

Byron Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,033	1,732
Office Equipment		-	-	117	118
Furniture & Fittings		-	-	6	7
Land Improvements (depreciable)		-	-	215	231
Buildings - Specialised		-	-	1,670	1,649
Other Structures		-	-	43	22
Infrastructure:					
- Roads, Bridges & Footpaths		-	224	7,206	6,816
- Stormwater Drainage		-	-	1,519	1,459
- Water Supply Network		-	-	1,175	912
- Sewerage Network		-	-	5,222	3,439
Other Assets					
- Other		-	-	538	358
Asset Reinstatement Costs	9 & 26	-	-	65	65
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	224	18,810	16,808

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		150	-
Bad & Doubtful Debts		(96)	-
Bank Charges		72	-
Computer Software Charges		438	-
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		200	149
- Contributions to Richmond Tweed Regional Library		1,074	945
- Emergency Services Levy		36	24
- NSW Fire Brigade Levy		76	72
- Waste Levy		802	826
- Far North Coast Weeds		96	-
- Other		144	-
Councillor Expenses - Mayoral Fee		37	38
Councillor Expenses - Councillors' Fees		152	148
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		62	74
Donations, Contributions & Assistance to other organisations (Section 356)		37	153
Election Expenses		144	-
Electricity & Heating		1,569	1,301
Insurance		659	622
Postage		82	-
Printing & Stationery		82	-
Street Lighting		195	247
Telephone & Communications		212	270
Valuation Fees		71	-
Write Down of Real Estate Development Inventory	8	-	596
<u>TOTAL OTHER EXPENSES</u>		<u>6,293</u>	<u>5,465</u>

Byron Shire Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		480	265
less: Carrying Amount of P&E Assets Sold / Written Off		(232)	(131)
Net Gain/(Loss) on Disposal		248	134
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(215)	(3,121)
Net Gain/(Loss) on Disposal		(215)	(3,121)
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		16,599	6,853
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(16,599)	(6,853)
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>33</u>	<u>(2,987)</u>

Byron Shire 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		1,392	-	477	-
Cash-Equivalent Assets ¹					
- Deposits at Call		4,864	-	2,247	-
- Short Term Deposits		36,200	-	24,215	-
Total Cash & Cash Equivalents		42,456	-	26,939	-
Investments (Note 6b)					
- Long Term Deposits		6,571	-	6,735	6,571
- Equity Linked Notes		762	3,755	4,524	4,478
- NCD's, FRN's (with Maturities > 3 months)		-	-	5,008	-
- Other Long Term Financial Assets		950	3,888	-	4,591
Total Investments		8,283	7,642	16,267	15,640
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		50,739	7,642	43,206	15,640

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	<u>42,456</u>	<u>-</u>	<u>26,939</u>	<u>-</u>
--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"				
- "Designated at Fair Value on Initial Recognition" 6(b-i)	<u>8,283</u>	<u>7,642</u>	<u>16,267</u>	<u>15,640</u>
Investments	8,283	7,642	16,267	15,640

Note 6(b-i)

Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"

Balance at the Beginning of the Year	16,267	15,640	5,696	25,234
Revaluations (through the Income Statement)	273	344	158	1,183
Additions	-	-	4,850	1,639
Disposals (sales & redemptions)	(16,599)	-	(5,854)	(1,000)
Transfers between Current/Non Current	8,342	(8,342)	11,416	(11,416)
Balance at End of Year	8,283	7,642	16,266	15,640

Comprising:

- Long Term Deposits	6,571	-	6,735	6,571
- Equity Linked Notes	762	3,755	4,524	4,478
- NCD's, FRN's (with Maturities > 3 months)	-	-	5,008	-
- Other Long Term Financial Assets	950	3,888	-	4,591
Total	8,283	7,642	16,267	15,640

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	50,739	7,642	43,206	15,640
attributable to:				
External Restrictions (refer below)	38,096	7,642	27,572	15,640
Internal Restrictions (refer below)	12,401	-	15,637	-
Unrestricted	242	-	(3)	-
	50,739	7,642	43,206	15,640

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

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-Sewer (A)	1,780	-	(1,780)	-
Bonds & Deposits	3,060	-	(113)	2,947
External Restrictions - Included in Liabilities	4,840	-	(1,893)	2,947

External Restrictions - Other

Developer Contributions - General (D)	20,276	1,486	(1,304)	20,458
Developer Contributions - Water Fund (D)	9,299	481	(533)	9,250
Developer Contributions - Sewer Fund (D)	3,841	679	(408)	4,108
RMS (formerly RTA) Contributions (E)	798	102	(62)	837
Specific Purpose Unexpended Grants (F)	1,206	1,029	(1,081)	1,159
Water Supplies (G)	1,376	521	(103)	1,790
Sewerage Services (G)	1,023	3,100	(640)	3,482
Domestic Waste Management (G)	160	387	-	547
Crown Reserve	393	126	(95)	424
Crown Paid Parking Reserve	-	898	(162)	736
External Restrictions - Other	38,372	8,808	(4,389)	42,791
Total External Restrictions	43,212	8,808	(6,282)	45,738

Internal Restrictions

Plant & Vehicle Replacement	2,099	3,724	(4,030)	1,793
Employees Leave Entitlement	1,008	-	-	1,008
Asset Management	738	503	(420)	821
Asset Revaluation Reserve	60	-	(25)	35
Biodiversity Conservation	15	-	(15)	-
Byron Bay Library	42	-	(40)	3

(continued on the next page...)

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions (continued)				
Byron Shire Early Intervention Service Rent	11	-	(11)	0
Childrens Services	110	1,688	(1,676)	123
Compliance	35	-	(35)	(0)
Computer Replacement	239	117	(206)	150
Community Development	80	5	(39)	46
Council Caravan Parks	492	775	(578)	689
General Managers Office	39	15	(10)	44
Environmental Health	17	-	(17)	0
Environmental Levy	209	307	(282)	234
Environmental Planning	231	16	(115)	131
Financial Assistance Grant (in advance)	1,281	1,260	(1,281)	1,260
Footpath Dining	196	176	(84)	288
Human Resources	228	-	-	228
Legal Services	854	28	(130)	752
Loan Repayment Reserve	612	-	(209)	403
New Years Eve	7	-	(7)	0
Paid Parking	809	165	(693)	281
Premium Investment	(1,092)	634	-	(458)
Property	207	120	(37)	290
Quarry	1,100	-	(617)	483
Revolving Energy Fund	12	-	-	12
Risk Management	173	68	(25)	216
Stormwater	265	284	(100)	449
Structural Change Reserve	120	-	-	120
Tennis Courts	7	5	(4)	8
Unexpended Loans	3,299	-	(2,486)	813
Waste Management	1,336	93	(1,191)	238
2006/2007 Special Rate Carryover Reserve	41	169	(29)	181
2007/2008 Special Rate Carryover Reserve	356	216	(167)	405
2008/2009 Special Rate Carryover Reserve	197	100	(75)	222
Mullumbimby Civic Hall	8	-	(8)	0
Brunswick Heads Memorial Hall	10	4	-	13
South Golden Beach Hall	8	5	-	13
Mullumbimby Pioneer Centre	-	4	-	4
Byron Bay Library Exhibition Space	-	4	(2)	3
Brunswick Valley Community Centre	-	5	-	5
Suffolk Park Community Hall	-	2	-	2
Infrastructure Renewal Reserve	175	1,011	(137)	1,050
2005/2006 Special Rate Carryover Reserve	-	121	(98)	23
2002/2003 Special Rate Carryover Reserve	-	408	(389)	19
Total Internal Restrictions	15,637	12,031	(15,268)	12,401
TOTAL RESTRICTIONS	58,849	20,839	(21,550)	58,139

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RMA 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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,052	361	966	406
Interest & Extra Charges		64	186	41	166
User Charges & Fees		3,900	-	4,000	-
Accrued Revenues					
- Interest on Investments		796	-	891	-
- Other Income Accruals		296	-	89	-
Government Grants & Subsidies		1,394	-	74	-
Miscellaneous Water & Sewer		79	84	159	-
Net GST Receivable		363	-	609	-
Pensioner Subsidy		27	-	31	-
Roads & Traffic Authority		1,315	-	645	-
Total		9,286	631	7,505	572
less: Provision for Impairment					
User Charges & Fees		(227)	-	(332)	-
Total Provision for Impairment - Receivables		(227)	-	(332)	-
<u>TOTAL NET RECEIVABLES</u>		<u>9,059</u>	<u>631</u>	<u>7,173</u>	<u>572</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		16	-	16	-
- Rates & Availability Charges		75	-	73	-
- Other		1,669	-	1,824	-
Sewerage Services					
- Specific Purpose Grants		2	-	3	-
- Rates & Availability Charges		452	-	444	-
- Other		1,449	-	1,459	-
Domestic Waste Management		123	30	120	-
Stormwater Management		20	-	20	-
Total External Restrictions		3,807	30	3,959	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		5,252	601	3,214	572
<u>TOTAL NET RECEIVABLES</u>		<u>9,059</u>	<u>631</u>	<u>7,173</u>	<u>572</u>

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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		459	1,223	-	-
Stores & Materials		433	-	410	-
Total Inventories		891	1,223	410	-
Other Assets					
Prepayments		40	-	1,292	-
Other		17	-	16	-
Total Other Assets		57	-	1,308	-
TOTAL INVENTORIES/OTHER ASSETS		948	1,223	1,718	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures

(a) Details for Real Estate Development

Residential	459	1,223	-	-
Total Real Estate for Resale	459	1,223	-	-

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

Represented by:

Acquisition Costs	459	1,223	-	-
Total Costs	459	1,223	-	-
Total Real Estate for Resale	459	1,223	-	-

Movements:

Real Estate assets at beginning of the year	-	-	-	596
- Purchases and other costs	-	-	-	-
- Transfers in from (out to) Note 9	459	1,223	-	-
- Write off of Inventory	-	-	-	(596)
Total Real Estate for Resale	459	1,223	-	-

(b) Inventory Write Downs

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

Byron Shire Council

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	Asset Movements during the Reporting Period										as at 30/6/2013							
	as at 30/6/2012										At		Accumulated		Carrying			
	At Cost	At Fair Value	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Tfirs from/(to) Real Estate Assets (Note 8)	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Dep'n	Impairment	Carrying Value
Plant & Equipment	-	12,530	8,692	-	3,838	1,438	(232)	(1,033)	-	-	-	-	-	-	12,276	8,264	-	4,012
Office Equipment	-	3,221	2,591	-	630	153	-	(117)	-	-	-	-	-	-	3,257	2,589	-	668
Furniture & Fittings	-	195	152	-	43	-	(1)	(6)	-	-	-	-	-	-	187	152	-	34
Land:																		
- Operational Land	-	60,533	-	-	60,533	113	-	-	802	(1,682)	-	17,700	-	77,465	-	-	-	77,465
- Community Land	-	72,788	-	-	72,788	-	-	-	(802)	-	-	-	-	71,986	-	-	-	71,986
- Land under Roads (post 30/6/08)	-	4,790	-	-	4,790	-	-	-	-	-	-	-	-	4,790	-	-	-	4,790
Land Improvements - non depreciable	-	80	-	-	80	-	-	-	-	-	-	-	-	80	-	-	-	80
Land Improvements - depreciable	-	8,248	1,677	-	6,571	-	-	(215)	-	-	(3,528)	-	-	4,719	1,892	-	-	2,827
Buildings - Specialised	-	63,562	25,167	-	38,395	2,519	-	(1,670)	(141)	-	-	21,205	-	67,618	7,309	-	-	60,308
Other Structures	-	843	270	-	573	24	-	(43)	141	-	-	-	-	1,635	940	-	-	695
Infrastructure:																		
- Roads, Bridges, Footpaths	-	392,258	131,828	-	260,430	2,415	(214)	(7,206)	-	-	-	12,287	-	410,698	142,985	-	-	267,713
- Bulk Earthworks (non-depreciable)	-	98,314	-	-	98,314	-	-	-	-	-	-	-	-	98,314	-	-	-	98,314
- Stormwater Drainage	-	82,628	45,031	-	37,597	197	-	(1,519)	-	-	-	872	-	84,502	47,356	-	-	37,146
- Water Supply Network	-	75,785	30,405	-	45,380	616	-	(1,175)	-	-	-	2,607	-	78,868	31,442	-	-	47,426
- Sewerage Network	-	229,774	84,506	-	145,268	359	-	(5,222)	-	-	(12,382)	-	-	176,021	47,999	-	-	128,022
Other Assets:																		
- Other	-	12,248	1,765	-	10,483	-	-	(538)	-	-	-	-	-	12,247	2,302	-	-	9,945
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																		
- Tip Asset	-	5,060	1,289	-	3,771	2,831	-	(65)	-	-	(241)	-	-	7,650	1,354	-	-	6,296
- Quarry Asset	-	456	89	-	367	-	-	-	-	-	(58)	-	-	400	89	-	-	311
TOTAL INFRASTRUCTURE,																		
PROPERTY, PLANT & EQUIP.																		
	-	1,123,313	333,462	-	789,851	10,665	(447)	(18,810)	-	(1,682)	(16,209)	54,671	-	1,112,713	294,675	-	-	818,038

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$3.611million) and New Assets (\$2.519million). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	64	52	12	-	64	50	14
Office Equipment	-	106	106	0	-	106	105	1
Land								
- Operational Land	-	6,212	-	6,212	-	6,170	-	6,170
Buildings	-	1,648	531	1,117	-	848	626	222
Infrastructure	-	78,868	31,442	47,426	-	75,785	30,405	45,380
Total Water Supply	-	86,898	32,130	54,768	-	82,973	31,186	51,787
Sewerage Services								
Plant & Equipment	-	380	335	45	-	380	322	58
Office Equipment	-	141	121	20	-	141	114	27
Land								
- Operational Land	-	16,633	-	16,633	-	14,960	-	14,960
- Improvements - depreciable	-	10	2	8	-	10	1	9
Buildings	-	733	268	465	-	780	247	533
Other Structures	-	17	19	(2)	-	17	17	-
Infrastructure	-	176,021	47,999	128,022	-	229,773	84,506	145,267
Total Sewerage Services	-	193,935	48,743	145,191	-	246,061	85,207	160,854
TOTAL RESTRICTED I,PP&E	-	280,833	80,874	199,959	-	329,034	116,393	212,641

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

\$ '000	Notes	Actual 2013	Actual 2012
Impairment Losses recognised in the Income Statement incl:			
Roundabouts, Islands, Speedhumps		-	(224)
Total Impairment Losses		-	(224)
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	-	(224)

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		2,698	-	3,281	-
Payments Received In Advance		222	-	232	-
Accrued Expenses:					
- Borrowings		286	-	277	-
- Salaries & Wages		302	-	309	-
- Other Expenditure Accruals		207	-	286	-
Security Bonds, Deposits & Retentions		2,947	-	3,060	-
Total Payables		6,662	-	7,445	-
Borrowings					
Loans - Secured ¹		2,727	70,151	2,661	70,123
Total Borrowings		2,727	70,151	2,661	70,123
Provisions					
Employee Benefits;					
Annual Leave		1,554	-	1,541	-
Long Service Leave		3,091	361	2,911	386
Gratuities		156	-	156	-
Sub Total - Aggregate Employee Benefits		4,802	361	4,608	386
Asset Remediation/Restoration (Future Works) ²⁶		-	849	-	839
Total Provisions		4,802	1,210	4,608	1,225
Total Payables, Borrowings & Provisions		14,191	71,361	14,714	71,348
 (i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		36	341	33	376
Sewer		1,410	52,246	1,330	53,421
Bonds & Deposits		2,947	-	3,060	-
Liabilities relating to externally restricted assets		4,392	52,587	4,423	53,797
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		4,392	52,587	4,423	53,797
Total Liabilities relating to Unrestricted Assets		9,799	18,774	10,291	17,551
TOTAL PAYABLES, BORROWINGS & PROVISIONS		14,191	71,361	14,714	71,348

¹: Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
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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	3,357	3,179
	<u>3,357</u>	<u>3,179</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013			
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/13
Annual Leave	1,541	1,163	(1,149)	-	-	1,554
Long Service Leave	3,297	456	(301)	-	-	3,452
Gratuities	156	-	-	-	-	156
Asset Remediation	839	10	-	-	-	849
TOTAL	5,833	1,629	(1,450)	-	-	6,011

- 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.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	42,456	26,939
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		42,456	26,939
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(7,830)	(3,445)
Adjust for non cash items:			
Depreciation & Amortisation		18,810	16,806
Net Losses/(Gains) on Disposal of Assets		(33)	2,987
Non Cash Capital Grants and Contributions		(276)	(2,770)
Impairment Losses Recognition - I,PP&E		-	224
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(617)	(1,341)
Unwinding of Discount Rates on Reinstatement Provisions		147	91
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,840)	795
Increase/(Decrease) in Provision for Doubtful Debts		(105)	115
Decrease/(Increase) in Inventories		(23)	(60)
Decrease/(Increase) in Other Assets		1,251	(673)
Increase/(Decrease) in Payables		(583)	(412)
Increase/(Decrease) in accrued Interest Payable		9	(330)
Increase/(Decrease) in other accrued Expenses Payable		(86)	62
Increase/(Decrease) in Other Liabilities		(123)	229
Increase/(Decrease) in Employee Leave Entitlements		168	159
Increase/(Decrease) in Other Provisions		(137)	(35)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,733	12,402

Byron Shire 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
(c) Non-Cash Investing & Financing Activities			
Other Dedications		276	3,366
Total Non-Cash Investing & Financing Activities		276	3,366
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Credit Cards / Purchase Cards		60	60
Total Financing Arrangements		60	60

(ii) Secured Loan Liabilities

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		-	3,292
Plant & Equipment		210	1,162
Roads		-	1,588
Total Commitments		210	6,042
These expenditures are payable as follows:			
Within the next year		210	4,904
Later than one year and not later than 5 years		-	1,138
Total Payable		210	6,042
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	1,612
Unexpended Grants		-	1,138
Internally Restricted Reserves		210	-
Unexpended Loans		-	3,292
Total Sources of Funding		210	6,042

(b) Finance Lease Commitments

Nil

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

Within the next year	83	36
Later than one year and not later than 5 years	206	64
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	289	100

b. Non Cancellable Operating Leases include the following assets:

Computers, Servers & Associated Equipment

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

Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.

- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment Property Commitments

Nil

Byron Shire 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	Indicator	Prior Periods	
	2013	2013	2012	2011
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	18,843	2.93 : 1	2.89	2.66
Current Liabilities less Specific Purpose Liabilities ^(2,3)	6,441			
2. Debt Service Ratio				
Debt Service Cost	8,097	13.99%	13.17%	13.82%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	57,880			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	30,685	44.83%	40.04%	39.96%
Income from Continuing Operations	68,442			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	1,663	5.13%	5.23%	4.94%
Rates, Annual & Extra Charges Collectible	32,430			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	3,610	21.50%	34.38%	68.19%
Depreciation, Amortisation & Impairment	16,793			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).


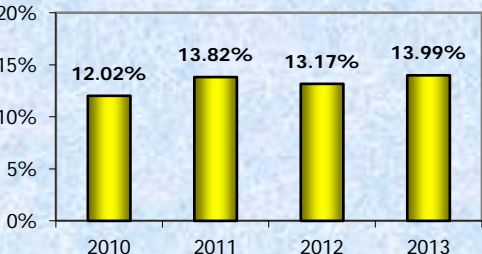
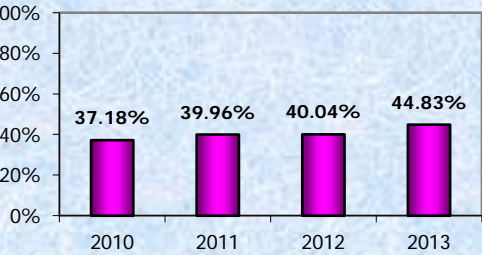
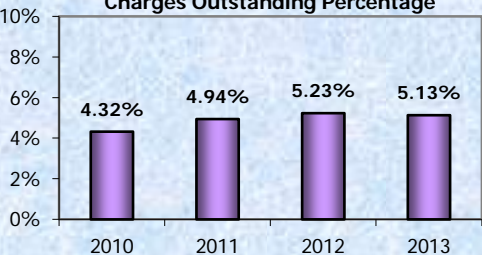
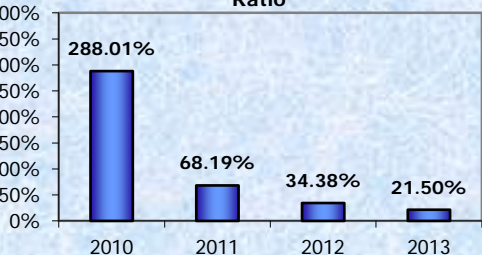
⁽³⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

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

Byron Shire Council

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

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

<p>1. Unrestricted Current Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2.19</td> </tr> <tr> <td>2011</td> <td>2.66</td> </tr> <tr> <td>2012</td> <td>2.89</td> </tr> <tr> <td>2013</td> <td>2.93</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	2.19	2011	2.66	2012	2.89	2013	2.93	<p>Purpose of Unrestricted Current Ratio</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>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 2.93 : 1</p> <p>While this ratio continues to show a positive improvement on trend, this needs to be considered in conjunction with Note 13(b) which illustrates this ratio on a fund by fund basis.</p>
Year	Ratio : 1											
2010	2.19											
2011	2.66											
2012	2.89											
2013	2.93											
<p>2. Debt Service Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>12.02%</td> </tr> <tr> <td>2011</td> <td>13.82%</td> </tr> <tr> <td>2012</td> <td>13.17%</td> </tr> <tr> <td>2013</td> <td>13.99%</td> </tr> </tbody> </table>	Year	Ratio %	2010	12.02%	2011	13.82%	2012	13.17%	2013	13.99%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 13.99%</p> <p>Ratio has remained consistent to that of the previous year with a slight increase as debt service costs increased \$632K compared to a discretionary revenue increase of \$1.209million compared to the previous year.</p>
Year	Ratio %											
2010	12.02%											
2011	13.82%											
2012	13.17%											
2013	13.99%											
<p>3. Rates & Annual Charges Coverage Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>37.18%</td> </tr> <tr> <td>2011</td> <td>39.96%</td> </tr> <tr> <td>2012</td> <td>40.04%</td> </tr> <tr> <td>2013</td> <td>44.83%</td> </tr> </tbody> </table>	Year	Ratio %	2010	37.18%	2011	39.96%	2012	40.04%	2013	44.83%	<p>Purpose of Rates & Annual Charges Coverage Ratio</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>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 44.83%</p> <p>Ratio has increased as revenue from rates and annual charges increased by \$2.055million whereas overall Council revenue fell \$3.064million compared to the previous year.</p>
Year	Ratio %											
2010	37.18%											
2011	39.96%											
2012	40.04%											
2013	44.83%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>4.32%</td> </tr> <tr> <td>2011</td> <td>4.94%</td> </tr> <tr> <td>2012</td> <td>5.23%</td> </tr> <tr> <td>2013</td> <td>5.13%</td> </tr> </tbody> </table>	Year	Ratio %	2010	4.32%	2011	4.94%	2012	5.23%	2013	5.13%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 5.13%</p> <p>Given the current economic climate, the percentage outstanding has reduced slightly from the previous year and is an acceptable result.</p>
Year	Ratio %											
2010	4.32%											
2011	4.94%											
2012	5.23%											
2013	5.13%											
<p>5. Building & Infrastructure Renewals Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>288.01%</td> </tr> <tr> <td>2011</td> <td>68.19%</td> </tr> <tr> <td>2012</td> <td>34.38%</td> </tr> <tr> <td>2013</td> <td>21.50%</td> </tr> </tbody> </table>	Year	Ratio %	2010	288.01%	2011	68.19%	2012	34.38%	2013	21.50%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 21.50%</p> <p>Result for 2012/2013 is reflective of less building and infrastructure renewals undertaken whilst depreciation continues to increase due to revaluation and indexation of assets. Ratio demonstrates Council is not able to fund asset renewals at the rate they are depreciating.</p>
Year	Ratio %											
2010	288.01%											
2011	68.19%											
2012	34.38%											
2013	21.50%											

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
Local Government Industry Indicators - by Fund			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	93.67 : 1	1.90 : 1	2.93 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	57.81 : 1	1.43 : 1	2.89 : 1
2. Debt Service Ratio			
Debt Service Cost	0.84%	39.31%	7.70%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	0.84%	41.68%	6.38%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	21.85%	62.93%	43.35%
Income from Continuing Operations			
prior period:	19.85%	77.26%	33.42%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	4.20%	4.96%	5.28%
Rates, Annual & Extra Charges Collectible			
prior period:	4.61%	4.32%	5.79%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	30.55%	11.80%	25.35%
Depreciation, Amortisation & Impairment			
prior period:	14.26%	36.35%	35.53%

Notes

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	42,456	26,939	42,456	26,939
Investments				
- "Designated At Fair Value on Initial Recognition"	15,925	31,907	15,925	31,907
Receivables	9,690	7,745	9,435	7,746
Total Financial Assets	68,071	66,591	67,816	66,592
Financial Liabilities				
Payables	6,440	7,213	6,440	7,213
Loans / Advances	72,878	72,784	97,124	72,784
Total Financial Liabilities	79,318	79,997	103,564	79,997

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(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)

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

2013	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Designated At Fair Value on Initial Recognition"	15,925	-	-	15,925
Total Financial Assets	15,925	-	-	15,925
2012	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Designated At Fair Value on Initial Recognition"	31,907	-	-	31,907
Total Financial Assets	31,907	-	-	31,907

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(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 it's 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
2013				
Possible impact of a 10% movement in Market Values	1,593	1,593	(1,593)	(1,593)
Possible impact of a 1% movement in Interest Rates	425	425	(425)	(425)
2012				
Possible impact of a 10% movement in Market Values	3,191	3,191	(3,191)	(3,191)
Possible impact of a 1% movement in Interest Rates	269	269	(269)	(269)

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(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	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	7,815	-	5,840
Past due by up to 30 days	-	78	-	387
Past due between 31 and 180 days	938	233	926	210
Past due between 181 and 365 days	-	75	-	40
Past due by more than 1 year	475	303	446	228
	<u>1,413</u>	<u>8,504</u>	<u>1,372</u>	<u>6,705</u>

(ii) Movement in Provision for Impairment of Receivables

	2013	2012
Balance at the beginning of the year	332	217
+ new provisions recognised during the year	-	116
- amounts already provided for & written off this year	(2)	
- amounts provided for but recovered during the year	(102)	(1)
Balance at the end of the year	<u>228</u>	<u>332</u>

Byron Shire 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 Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2013									
Trade/Other Payables	2,947	3,238	-	-	-	-	-	6,185	6,440
Loans & Advances	-	8,010	7,357	6,969	6,829	6,614	82,297	118,076	72,878
Total Financial Liabilities	2,947	11,248	7,357	6,969	6,829	6,614	82,297	124,261	79,318
2012									
Trade/Other Payables	3,060	4,187	-	-	-	-	-	7,247	7,213
Loans & Advances	-	8,091	6,310	7,357	6,970	6,829	86,674	122,232	72,784
Total Financial Liabilities	3,060	12,278	6,310	7,357	6,970	6,829	86,674	129,479	79,997

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	6,440	0.0%	7,213	0.0%
Loans & Advances - Fixed Interest Rate	72,878	7.3%	72,784	7.5%
	<u>79,318</u>		<u>79,997</u>	

Byron Shire 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* -----		
REVENUES					
Rates & Annual Charges	29,866	30,685	819	3%	F
User Charges & Fees	19,589	20,138	549	3%	F
Interest & Investment Revenue	1,932	3,231	1,299	67%	F
Council investments have improved by \$499,260 in terms of fair value. In addition, \$8,800,000 of investments that were not paying interest due to the impact of the Global Financial Crisis matured and were reinvested in interest bearing investments upon their maturity during the year.					
Other Revenues	1,063	1,207	143	13%	F
Insurance claims recoveries unforeseen of \$149,500 were not included in the original budget.					
Operating Grants & Contributions	5,420	10,581	5,161	95%	F
Council received \$4.8 million in grants and contributions for natural disaster events in January and February 2013 that were not in the original budget. Council also received a \$191,720 grant for waste management not included in the original budget.					
Capital Grants & Contributions	3,963	2,567	(1,395)	(35%)	U
Council received approximately \$1.6 million less than budgeted for all section 94 and section 64 developer contributions.					
Net Gains from Disposal of Assets	-	33	33	0%	F

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 Variance*	
EXPENSES				
Employee Benefits & On-Costs	17,658	19,063	(1,405)	(8%) U
Borrowing Costs	5,340	5,539	(199)	(4%) U
Materials & Contracts	20,159	26,566	(6,407)	(32%) U
<p>There is a variance within materials and contracts due to the natural disaster works from the January and February 2013 storm events that were not included in the original budget as they were an unforeseen event. These works totalled approximately \$3.6million in 2012/2013. In addition there was \$1,759,000 capital expenditure not capitalised but was budgeted in the original budget as capital expenditure, not operating expenditure. There was \$350,000 in additional expenditure for landfill expenses and waste collection in excess of original budget. There was \$146,000 in expenditure relating to insurance claims not included in original budget. There was \$131,000 in additional expenditure related to Council holiday parks in excess of the original budget. There was \$356,000 in additional expenditure for private works in excess of original budget.</p>				
Depreciation & Amortisation	16,496	18,810	(2,314)	(14%) U
<p>Depreciation has increased due to recent revaluations and indexations of Roads/Drainage and Water and Sewer infrastructure. This impact was not included in the original budget estimates given the outcome of the revaluations and indexation is difficult to estimate.</p>				
Other Expenses	6,673	6,293	380	6% F

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

Cash Flows from Operating Activities	12,001	8,733	(3,268)	(27.2%) U
<p>Less cash from operations has been generated than estimated due to expenditure on natural disaster works not budgeted. Council has spent \$3.6million in 2012/2013 on restoration works but was due \$1.3million in natural disaster claims. In addition Council's liabilities for creditors has reduced as evidenced in the balance sheet which has caused less cash to be generated from operations than originally estimated.</p>				
Cash Flows from Investing Activities	(8,557)	6,691	15,248	(178.2%) F
<p>Council does not budget for the sale of investments. Actuals include sale of investments of \$16,599million through redemptions and maturities. These investments have been reinvested in short term term deposits defined as cash and cash equivalents and not investments. This has influenced this variance to the cash flow statement.</p>				
Cash Flows from Financing Activities	(2,677)	94	2,771	(103.5%) F
<p>Council did not originally budget for \$2,800,000 in loan borrowings for the land purchase at Myocum as the land was not available for sale upon adoption of the original budget. Council later resolved to purchase and borrow for the land during the course of the 2012/2013 financial year.</p>				

Byron Shire 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	
Urban Roads	7,453	394	-	146	(938)	-	7,056	10,966	(17,627)	394	-
Rural Roads	634	45	-	12	(58)	-	632	8,735	(9,323)	45	-
Cycleways	694	30	-	15	-	-	740	8,631	(9,340)	30	-
Carparking	2,372	140	-	52	(45)	-	2,520	22,128	(24,507)	140	-
Open Space	4,770	274	-	104	(42)	-	5,107	29,671	(34,503)	274	-
Community Facilities	1,618	73	-	36	-	-	1,727	11,883	(13,536)	74	-
Civic & Urban Improvements	1,310	82	-	28	(56)	-	1,364	7,157	(8,439)	82	-
Shire Support Services	127	4	-	2	-	-	133	1,256	(1,385)	4	-
Administration	311	44	-	5	(126)	-	233	1,727	(1,917)	44	-
S94 Contributions - under a Plan	19,289	1,086	-	400	(1,264)	-	19,511	102,154	(120,578)	1,087	-
Total S94 Revenue Under Plans	19,289	1,086	-	400	(1,264)	-	19,511				-
S94 not under Plans	989	-	-	-	(41)	-	948	-	-	948	-
S64 Contributions	13,138	663	-	497	(941)	-	13,357				
Total Contributions	33,416	1,749	-	896	(2,245)	-	33,816	102,154	(120,578)	2,035	-

Byron Shire 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 - OPEN SPACE

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	
Byron Bay	1	66	-	-	-	-	67	15,605	(15,606)	66	-
Mullumbimby	410	-	-	9	-	-	419	3,430	(3,849)	-	-
Bangalow	254	50	-	6	(11)	-	299	1,769	(2,018)	50	-
Suffolk Park	1,620	10	-	34	(17)	-	1,647	1,862	(3,499)	10	-
Brunswick Heads	51	-	-	1	-	-	52	3,346	(3,398)	-	-
Ocean Shores	1,203	29	-	26	(11)	-	1,246	4,430	(5,648)	29	-
Shire Wide	1,078	116	-	25	(2)	-	1,217	(1,103)	2	116	-
Rural North	28	-	-	1	-	-	29	265	(294)	-	-
Rural South	125	3	-	3	-	-	131	66	(194)	3	-
Total	4,770	274	-	104	(42)	-	5,107	29,671	(34,503)	274	-

CONTRIBUTION PLAN NUMBER 2 - COMMUNITY FACILITIES

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	
Byron Bay	376	13	-	8	-	-	397	646	(1,030)	13	-
Mullumbimby	114	-	-	2	-	-	116	1,571	(1,687)	-	-
Bangalow	31	19	-	1	-	-	51	520	(552)	19	-
Brunswick Heads	1	-	-	-	-	-	1	-	-	1	-
Ocean Shores	181	12	-	4	-	-	197	198	(383)	12	-
Shire Wide	851	25	-	19	-	-	895	670	(1,540)	25	-
Rural North	9	-	-	-	-	-	9	7,870	(7,879)	-	-
Rural South	55	4	-	1	-	-	60	409	(465)	4	-
Total	1,618	73	-	36	-	-	1,727	11,883	(13,536)	74	-

Byron Shire 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 3 - CYCLEWAYS

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	
Byron Bay	333	9	-	7	-	-	350	1,491	(1,831)	9	-
Mullumbimby	27	-	-	1	-	-	28	601	(629)	-	-
Bangalow	186	12	-	4	-	-	203	144	(334)	12	-
Brunswick Heads	1	-	-	-	-	-	1	381	(382)	-	-
Ocean Shores	106	5	-	2	-	-	113	770	(878)	5	-
Rural North	5	1	-	-	-	-	6	(5)	-	1	-
Rural South	36	3	-	1	-	-	40	5,249	(5,286)	3	-
Total	694	30	-	15	-	-	740	8,631	(9,340)	30	-

CONTRIBUTION PLAN NUMBER 4 - SHIRE SUPPORT SERVICES

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	
Byron Bay	(4)	-	-	-	-	-	(4)	63	(59)	-	-
Mullumbimby	1	-	-	-	-	-	1	(1)	-	-	-
Bangalow	1	-	-	-	-	-	1	(1)	-	-	-
Ocean Shores	3	-	-	-	-	-	3	(3)	-	-	-
Shire Wide	4	-	-	-	-	-	4	(4)	-	-	-
Rural North	4	-	-	-	-	-	4	(4)	-	-	-
Rural South	70	4	-	2	-	-	75	(72)	-	4	-
Shire Rural	48	-	-	1	-	-	49	1,277	(1,326)	-	-
Total	127	4	-	2	-	-	133	1,256	(1,385)	4	-

Byron Shire 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 5 - CARPARKING

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	
Byron Bay	1,795	140	-	41	-	-	1,976	12,816	(14,652)	140	-
Mullumbimby	132	-	-	3	-	-	135	830	(965)	-	-
Bangalow	180	-	-	4	-	-	184	3,253	(3,437)	-	-
Brunswick Heads	221	-	-	5	-	-	226	5,272	(5,498)	-	-
Broken Head Hall	44	-	-	-	(45)	-	(1)	(44)	45	-	-
Total	2,372	140	-	52	(45)	-	2,520	22,128	(24,507)	140	-

CONTRIBUTION PLAN NUMBER 6 - URBAN ROADS

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	
Byron Bay	4,351	194	-	96	-	-	4,641	8,995	(13,442)	194	-
Mullumbimby	624	10	-	13	-	-	648	2,505	(3,142)	10	-
Bangalow	918	113	-	22	-	-	1,052	(940)	-	113	-
Brunswick Heads	79	8	-	2	-	-	89	641	(722)	8	-
Ocean Shores	791	40	-	4	(658)	-	176	346	(483)	40	-
Batson Quarry	690	29	-	9	(279)	-	449	(581)	161	29	-
Total	7,453	394	-	146	(938)	-	7,056	10,966	(17,627)	394	-

Byron Shire 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 7 - RURAL ROADS

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	
Shire Rural	2	-	-	-	-	-	2	(2)	-	-	-
Mudges Quarry	12	-	-	-	-	-	12	(12)	-	-	-
Leela Quarry	3	-	-	-	-	-	3	1	(4)	-	-
Myocum Quarry (Council)	44	1	-	1	-	-	46	(45)	-	1	-
Rural North	22	-	-	-	-	-	22	83	(105)	-	-
Rural South	551	43	-	11	(58)	-	547	8,710	(9,214)	43	-
Total	634	45	-	12	(58)	-	632	8,735	(9,323)	45	-

CONTRIBUTION PLAN NUMBER 8 - CIVIC & URBAN IMPROVEMENTS

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	
Byron Bay	964	39	-	20	(56)	-	968	3,588	(4,516)	39	-
Mullumbimby	141	6	-	3	-	-	150	1,096	(1,240)	6	-
Bangalow	33	25	-	1	-	-	59	596	(630)	25	-
Brunswick Heads	9	2	-	-	-	-	11	1,022	(1,031)	2	-
Ocean Shores	83	6	-	2	-	-	91	721	(806)	6	-
Shire Wide	1	-	-	-	-	-	1	(1)	-	-	-
Rural North	17	-	-	-	-	-	17	199	(216)	-	-
Rural South	62	3	-	1	-	-	67	(63)	-	3	-
Total	1,310	82	-	28	(56)	-	1,364	7,157	(8,439)	82	-

Byron Shire 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 9 - ADMINISTRATION

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	
Shire Wide	311	44	-	5	(126)	-	233	1,727	(1,917)	44	-
Total	311	44	-	5	(126)	-	233	1,727	(1,917)	44	-

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	56	-	-	-	-	-	56	-	-	56	-
Rural Roads	53	-	-	-	-	-	53	-	-	53	-
Car Parking	458	-	-	-	(3)	-	455	-	-	455	-
Open Space	84	-	-	-	-	-	84	-	-	84	-
Community Facilities	161	-	-	-	(1)	-	160	-	-	160	-
Road Upgrading	63	-	-	-	(29)	-	34	-	-	34	-
Cycleways	101	-	-	-	-	-	101	-	-	101	-
Civic & Urban Improvements	9	-	-	-	(8)	-	1	-	-	1	-
Other	4	-	-	-	-	-	4	-	-	4	-
Total	989	-	-	-	(41)	-	948	-	-	948	-

Byron Shire Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S64 LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 10 - WATER SUPPLY SERVICES

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	
Byron, Bang, Burns, O/Shires	9,262	130	-	337	(473)	-	9,256	-	-	-	-
Mullumbimby	40	12	-	1	(60)	-	(6)	-	-	-	-
Total	9,302	142	-	338	(533)	-	9,250	-	-	-	-

CONTRIBUTION PLAN NUMBER 11 - SEWERAGE SERVICES

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	
Bangalow	257	226	-	14	(6)	-	491	-	-	-	-
Ocean Shores	3,579	295	-	145	(402)	-	3,616	-	-	-	-
Total	3,836	521	-	159	(408)	-	4,108	-	-	-	-

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans. Note 1 to the financial statements provides further information about Council's defined benefit superannuation contribution plans.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

(iii) Richmond Tweed Library

Council together with other local government authorities operate a regional facility known as the Richmond-Tweed Regional Library.

Annually, Councils contribute to fund its activities based on a formula. In the event that Council wishes to withdraw from the arrangement, Council will receive its attributable share of assets and liabilities.

Byron Shire 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

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

(a) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

The following Subsidiaries, Associated Entities & Joint Ventures have not been recognised in this Financial Report.

Name of Entity/Operation	Principal Activity/Type of Entity	2013 Net Profit	2013 Net Assets
Richmond Tweed Regional Library	Provision of library services to member Council areas		
North East Weight Loads Group	To reduce road damage caused by Traffic Weight Loads		

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		452,629	455,581
a. Correction of Prior Period Errors	20 (c)	-	493
b. Net Operating Result for the Year		(7,830)	(3,445)
Balance at End of the Reporting Period		<u><u>444,799</u></u>	<u><u>452,629</u></u>
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		357,931	319,469
Total		<u><u>357,931</u></u>	<u><u>319,469</u></u>
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		319,469	299,613
- Revaluations for the year	9(a)	38,462	19,856
- Balance at End of Year		<u><u>357,931</u></u>	<u><u>319,469</u></u>
TOTAL VALUE OF RESERVES		<u><u>357,931</u></u>	<u><u>319,469</u></u>

(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

Byron Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
Buildings not previously recognised		-	-
Correction of errors as disclosed in last year's financial statements:			
Council had incorrectly depreciated assets relating to sewerage subsidised schemes under the NSW Country Towns Sewerage Supply Scheme. These assets had been duplicated as they were also included in overall sewerage assets.			
This resulted in depreciation of \$2.010million up to 30 June 2010 and \$0.493 million up to 30 June 2011 being over stated.			
			493
This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/11.			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/11 (relating to adjustments for the 30/6/11 reporting year end and prior periods)		-	493
- Adjustments to Closing Equity - 30/6/12 (relating to adjustments for the 30/6/12 year end)		-	-
Total Prior Period Adjustments - Prior Period Errors		-	493

(d) Voluntary Changes in Accounting Policies

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

Byron Shire 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
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	1,691	8,611	20,558
User Charges & Fees	5,406	4,213	10,731
Interest & Investment Revenue	364	211	2,656
Other Revenues	-	-	1,361
Grants & Contributions provided for Operating Purposes	79	77	10,425
Grants & Contributions provided for Capital Purposes	198	572	1,797
Other Income			
Net Gains from Disposal of Assets	-	-	33
Total Income from Continuing Operations	7,738	13,684	47,561
Expenses from Continuing Operations			
Employee Benefits & on-costs	894	2,433	15,736
Borrowing Costs	31	4,060	1,448
Materials & Contracts	2,200	3,765	20,989
Depreciation & Amortisation	1,189	5,268	12,353
Impairment	-	-	-
Other Expenses	3,660	998	1,789
Total Expenses from Continuing Operations	7,974	16,524	52,315
Operating Result from Continuing Operations	(236)	(2,840)	(4,754)
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(236)	(2,840)	(4,754)
Net Operating Result attributable to each Council Fund	(236)	(2,840)	(4,754)
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(434)	(3,412)	(6,551)

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

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

Byron Shire 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
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	4,780	3,200	34,476
Investments	-	-	8,283
Receivables	1,761	1,903	5,395
Inventories	-	-	891
Other	-	-	57
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	6,541	5,103	49,102
Non-Current Assets			
Investments	6,260	4,391	(3,009)
Receivables	-	-	631
Inventories	-	-	1,223
Infrastructure, Property, Plant & Equipment	54,768	145,191	618,079
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	61,028	149,582	616,925
TOTAL ASSETS	67,569	154,685	666,027
LIABILITIES			
Current Liabilities			
Payables	-	235	6,427
Borrowings	36	1,174	1,517
Provisions	-	-	4,802
Total Current Liabilities	36	1,410	12,745
Non-Current Liabilities			
Payables	-	-	-
Borrowings	341	52,246	17,564
Provisions	-	-	1,210
Total Non-Current Liabilities	341	52,246	18,774
TOTAL LIABILITIES	376	53,656	31,519
Net Assets	67,193	101,029	634,508
EQUITY			
Retained Earnings	35,281	78,913	330,605
Revaluation Reserves	31,912	22,116	303,903
Total Equity	67,193	101,029	634,508

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

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

Byron Shire Council

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

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

\$ '000

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

Note 23. Events occurring after the Reporting Period

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

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

Accordingly, the "authorised for issue" date is 31/10/13.

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

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

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

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

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

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Byron Shire 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
Myocum Tip Site	2014	469	459
Myocum Quarry Site	2012	380	380
Balance at End of the Reporting Period		849	839

10(a)

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	839	783
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	(2)	33
Amortisation of discount (expensed to borrowing costs)	149	58
Expenditure incurred attributable to Provisions	(136)	(35)
Total - Reinstatement, rehabilitation and restoration provision	850	839

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.

Byron Shire Council

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

Note 27. Council Information & Contact Details

Principal Place of Business:

70 -90 Station Street
MULLUMBIMBY NSW 2482

Contact Details

Mailing Address:

PO Box 219
MULLUMBIMBY NSW 2482

Opening Hours:

Switchboard: 8:30am - 4:30pm Monday to Friday
Front Counter: 9:00am - 4:00pm Monday to Friday

Telephone: 02 6626 7000

Facsimile: 02 6684 3018

Internet: www.byron.nsw.gov.au

Email: council@byron.nsw.gov.au

Officers

GENERAL MANAGER

Ken Gainger

RESPONSIBLE ACCOUNTING OFFICER

James Brickley

PUBLIC OFFICER

Mark Arnold

AUDITORS

Thomas Noble & Russel Chartered Accountants

Elected Members

MAYOR

Cr Simon Richardson

COUNCILLORS

Cr Basil Cameron

Cr Diane Woods

Cr Chris Cubis

Cr Duncan Dey

Cr Sol Ibrahim

Cr Rose Wanchap

Cr Paul Spooner

Cr Alan Hunter

Other Information

ABN: 14 472 131 473



**BYRON SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDIT REPORT**

Report on the Financial Statements

We have audited the accompanying financial statements of Byron Shire Council (the Council) which comprises the statement of financial position as at 30 June 2013, the income statement, the statement of comprehensive income, the statement of changes in equity and the 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.

Council's 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.

Opinion

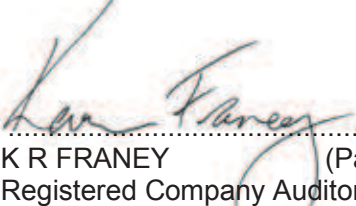
In our opinion:

- a) Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993, Chapter 13, Part 3, Division 2;
- b) The Council's financial statements:
 - i. Have been prepared in accordance with the requirements of that 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 its performance for the year then ended; and
 - iv. Are in accordance with applicable Accounting Standards.
- 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 reports 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 Byron Shire 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


.....
K R FRANEY (Partner)
Registered Company Auditor

Dated at Lismore this 31st day of October 2013

Byron Shire Council

Report to Council under s417 of the Local Government Act 1993

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 reports ready for audit each year:

General Purpose Financial Statements

This financial report presents the financial position and performance of the Council on a consolidated basis. The report includes all controlled Council operations such as general, water and sewer funds as well as domestic waste management activities. Council has prepared the 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

This financial report provides 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
- Holiday parks

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 Councillors may appreciate our responsibilities as auditor, we take this opportunity to briefly discuss the scope of our audit.

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards as well as Australian Professional and Ethical Standards.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 organisation's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

Forming Our Audit Opinion

Our function as auditor is to examine the general purpose and special purpose financial statements presented to us by the Council to allow us to express an audit opinion. Our audit opinion does not cover:

- i) The original budget information included in:
 - The income statement;
 - The statement of cash flows; and
 - Note 2(a) to the general purpose financial statements;
- ii) Note 16 budget variation explanations in the general purpose financial statements;
- iii) Note 17 forecast information contained in the general purpose financial statements; and
- iv) The best practice disclosures in notes 2 & 3 to the special purpose financial statements.

As auditor of the Council we are not responsible for the preparation of the financial statements, the maintenance of accounting records or the organisation's 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 its results are imposed on Council and management by the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*.

3. CONSOLIDATED OPERATING RESULT

Council's deficit from all activities for the 2013 financial year was \$7,830,000. This compares to a deficit in 2012 of \$3,445,000. These results can be summarised as follows:-

	2011 \$'000	2012 \$'000	2013 \$'000
Revenues from continuing operations	55,515	61,423	65,224
Expenses from continuing operations	(49,307)	(54,561)	(57,461)
Result from continuing operations before depreciation	6,208	6,862	7,763
Less: depreciation expense	(16,496)	(16,808)	(18,810)
Result from continuing operations before capital amounts	(10,288)	(9,946)	(11,047)
Capital grants and contributions	11,390	8,742	2,567
Fair value gains / (losses) on investments	1,415	1,340	617
Revaluation Decrement – Land Under Roads	(5,133)	-	-
Write down of Real Estate Inventory	-	(596)	-
Net Gain / (Loss) on disposal of assets	(856)	(2,987)	33
Result from all activities	(3,472)	(3,445)	(7,830)



3.1 Analysis of Result from Continuing Operations Before Capital Amounts

The deficit from continuing operations before capital amounts has increased from \$9,946,000 in 2012 to \$11,047,000 in 2013. Some of the material components contributing to the increase in the deficit include:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Revenue		
General rates	684	General rates revenue has increased with a rate-pegged increment of 3.6% plus growth in the number of assessments.
Annual Charges	1,371	Annual charges revenue has increased in accordance with movements in Council's fees and charges schedule as well as population growth.
User Charges & Fees	880	\$328,000 of this movement is due to an increase in Private Works fees and charges for various projects completed by Council during the year. There has also been an increase in property rentals revenue for hire of the Byron Regional Sports and Cultural Complex for the full year, and in an increase in footpath dining rental. User Charges & Fees revenue has also increased in accordance with movements in Council's fees and charges schedule, largely for sewerage services.
Operating Grants & Contributions	1,129	The majority of the increase in operating grants and contributions is due to Natural Disaster Relief Funding received in relation to the January 2013 and February 2013 flood events.
Expenses		
Materials and Contracts	1,048	Materials and contracts expense has increased as a result of significant natural disaster repairs undertaken during the current year. General cost increases have also contributed to the rise in materials and contracts expense.
Depreciation and Amortisation	2,002	The higher depreciation expense is largely due to an increase in the fair value of sewerage network assets arising from their revaluation in 2012.

3.2 Other Material Items Impacting the Consolidated Operating Result

Council's consolidated operating result can be influenced by transactions that may be unique or not related to core service delivery. The 2013 consolidated operating deficit from continuing operations has been impacted by the following significant items.

Fair Value Movement of Investments

All of Council's investments are recognised in the financial report at their fair value. Any movements in the fair value of Council's investments are recognised as a revenue or expense in the income statement. Council receives independent valuations for each of its investments so that it may accurately report their fair value in the financial report. The fair value of Council's investment portfolio has increased by \$617,000 during the 2013 financial year and this has been recognised as revenue in the income statement.

Gain / Loss on Disposal of Assets

Council's net gain on disposal of assets for the 2013 financial year comprise the following items.

	2011 \$'000	2012 \$'000	2013 \$'000
Gain / (Loss) on disposal of plant & equipment	(24)	134	248
Gain / (Loss) on disposal of infrastructure	(832)	(3,121)	(215)
Net Gain / (Loss)	(856)	(2,987)	33

Gain or loss on the disposal of infrastructure represents assets renewed or replaced in the normal course of Council's budgeted asset management program.

Capital Grants & Contributions

Capital Grants received during the year amounted to \$484,000 and largely consisted of grants received:

- under the Roads to Recovery scheme \$161,000; and
- to fund the construction of other roads and bridges \$261,000.

Capital contributions received during the period amounted to \$2,083,000. Capital contributions largely comprise section 94 and 64 developer contributions and dedications of infrastructure assets to Council upon the completion of residential and other developments.

	2011 \$'000	2012 \$'000	2013 \$'000
Non cash developer contributions	580	3,366	276
Section 94 Contributions - cash	2,699	2,048	1,088
Section 64 Contributions - cash	1,800	1,350	663
Other contributions	-	-	56
TOTAL	5,079	6,764	2,083



5. STATEMENT OF FINANCIAL POSITION

We provide commentary on some of the material assets and liabilities appearing on Council's statement of financial position as at 30 June 2013.

5.1 Cash and Investments

Council's cash and investments are carried in the statement of financial position at their fair value. A summary of the movement of Council's cash and investments is as follows:

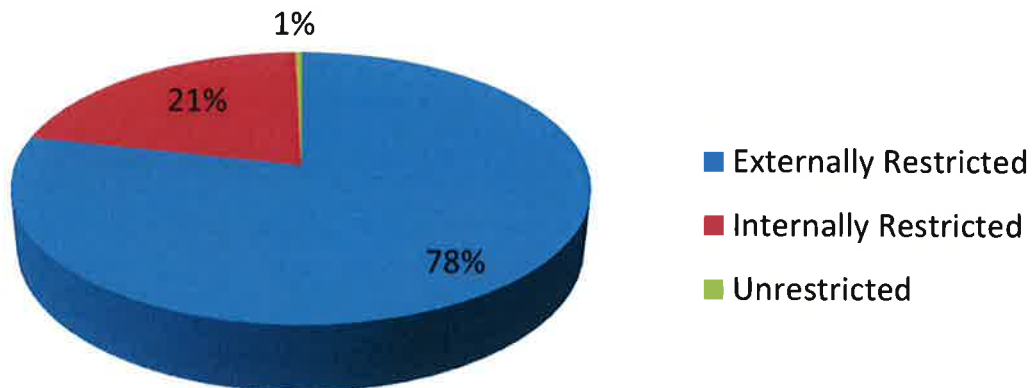
	2011 \$'000	2012 \$'000	2013 \$'000
Fair value of investments at beginning of the year	36,515	30,931	31,907
Cash and cash equivalents at beginning of the year	21,228	28,626	26,939
Investments purchased	1,215	6,489	-
Increase / (Decrease) in cash and cash equivalents	7,397	(1,687)	15,517
Investments sold or redeemed	(8,214)	(6,854)	(16,599)
Movement in fair value	1,415	1,341	617
Fair value of cash, cash equivalents and investments as at balance date	59,556	58,846	58,381

The nature of Council's cash and investment portfolio is provided below:

	2012 \$'000	2013 \$'000
Cash and Cash Equivalents		
Cash on Hand and at Bank	477	1,392
Deposits at Call	2,247	4,864
Short Term Deposits	24,215	36,200
	26,939	42,456
Investments		
Equity Linked Notes	9,002	4,516
Negotiable Certificates of Deposit & Floating Rate Notes	5,008	-
Long-Term Deposits	13,306	6,571
Other Long Term Financial Assets	4,591	4,838
	31,907	15,925
Total Cash and Investments at 30 June	58,846	58,381
Consisting of:		
Externally Restricted Cash and Investments	43,211	45,738
Internally Restricted Cash and Investments	15,638	12,401
Unrestricted Cash and Investments	(3)	242
	58,846	58,381



Restricted Cash and Investments 2013



Unrestricted Cash

Unrestricted cash is used to conduct Council's day-to-day operations. The above table illustrates that Council has a very small amount of cash that is not restricted for a specific purpose.

Externally Restricted Cash

Externally restricted cash consists of unspent monies such as developer contributions, grants and water and sewer funds. These funds are limited in their use under legislation or specific funding agreements and are not available for general Council operations.

Internally Restricted Cash

Internally restricted cash reserves are tied to specific Council projects under Council resolution and are generally not available to fund day-to-day operations.

Council is managing its investment portfolio in accordance with the Minister's Investment Order which is applicable to all local government authorities.

5.2 Infrastructure, Property, Plant and Equipment

Council owns or controls a wide range of infrastructure, property, plant and equipment. The table below provides details of the written down value of material asset classes and the related depreciation expense for the 2013 and 2012 financial years.

	WDV 2012 \$'000	Depreciation Expense 2012 \$'000	WDV 2013 \$'000	Depreciation Expense 2013 \$'000
Plant & Equipment	3,838	1,732	4,012	1,033
Operational Land	60,533	-	77,465	-
Community Land	72,788	-	71,986	-
Land Under Roads	4,790	-	4,790	-
Land Improvements	6,650	231	2,907	215
Buildings	38,395	1,649	60,308	1,670
Roads, Bridges & Footpaths	260,430	6,816	267,713	7,206
Bulk Earthworks	98,314	-	98,314	-
Stormwater Drainage	37,597	1,459	37,146	1,519
Water Supply Network	45,379	912	47,426	1,175
Sewer Supply Network	145,267	3,439	128,022	5,222
Other Assets	15,872	570	17,949	770
	789,853	16,808	818,038	18,810

Assets Recognised During 2013

During the year Council capitalised approximately \$10.6 million in infrastructure, property, plant and equipment (IPP&E). Council's constructed / purchased assets were:

	2011 \$'000	2012 \$'000	2013 \$'000
Roads and Drainage Infrastructure	3,084	5,716	2,415
Sewer Infrastructure	4,850	1,474	359
Water Supply Infrastructure	1,079	257	616
Buildings and Land Improvements	11,141	6,836	2,519
Plant and Equipment	934	869	1,438
Tip Asset	-	-	2,831
Other	326	293	487
	21,414	15,445	10,665



The reduction in expenditure on buildings and land improvements is attributable to the construction of the Byron Regional Sports and Cultural Complex that commenced in 2011 and was completed in 2012. The tip asset expenditure relates to the purchase of land at the Myocum landfill site.

5.3 Asset Revaluations and Management Systems

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 that is constructed using modern day equivalent materials, design and capacity.

During the year, Council revalued its operational land (excludes Community Land) and buildings. Council also revalued its Water and Sewer Infrastructure assets during the 2013 financial year as a comprehensive revaluation of this asset class was not undertaken in 2012. Specialist asset valuers were contracted to perform all of these revaluations.

The above revaluations, together with fair value indexing to other infrastructure assets has resulted in the written down value of assets and the asset revaluation reserve increasing by \$38,462,000.

Asset Management

Infrastructure, property, plant and equipment represent the largest asset group on the Council's Statement of Financial Position. The management of infrastructure, property, plant and equipment is an important part of Council's objectives. The Local Government Infrastructure audit report released by the Division of Local Government identified Byron Shire Council as having weak infrastructure management practices.

It is important that Council continues to develop asset management systems so that revenue and borrowings are utilised effectively and efficiently and integrated strategic planning goals are achieved. Council should ensure that the recommendations arising from the Local Government Infrastructure audit are considered and implemented where not already done so.

5.4 Loans Liability

Council has total borrowings at balance date of \$72,878,000 increasing from \$72,784,000 in 2012. The total loan liability at balance date is attributable to the Council's operating funds as follows:

	2011 \$'000	2012 \$'000	2013 \$'000
General Fund	19,174	17,859	19,081
Sewerage Fund	55,805	54,516	53,421
Water Fund	440	409	376
Total Borrowings at 30 June	75,419	72,784	72,878



During the 2013 financial year Council executed new borrowings of \$2,800,000 to finance the purchase of land relating to the Myocum tip site.

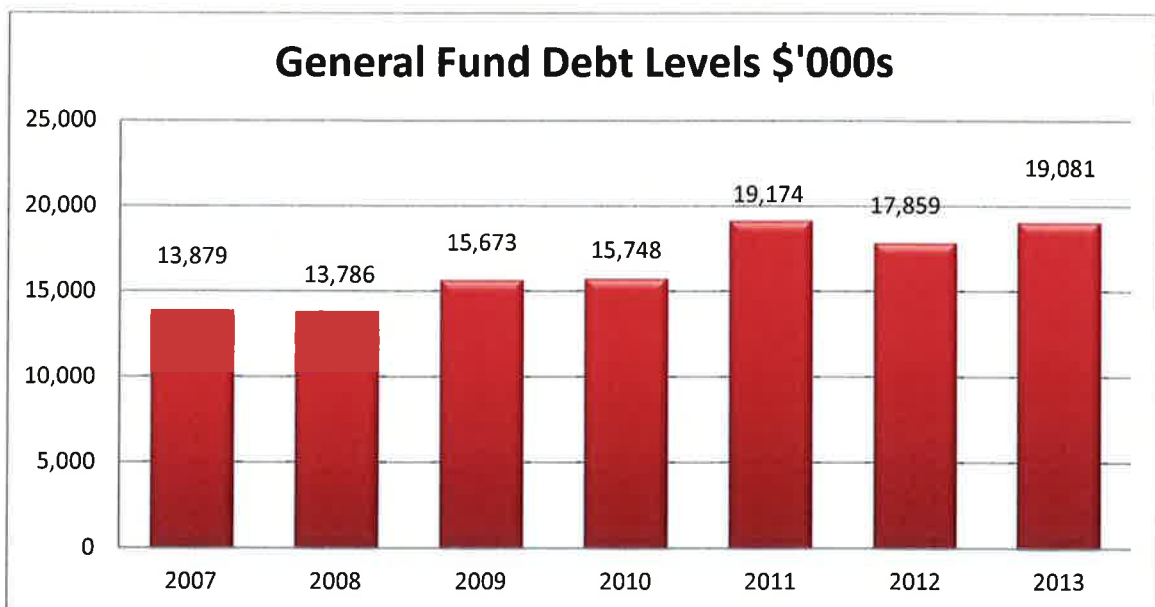
In 2013, Council also repaid principal totalling \$2,705,403.

The table below provides a history of borrowings and their purpose over the past three years.

	2011 \$'000	2012 \$'000	2013 \$'000
Brunswick Valley Sewer Treatment Plant	890	-	-
Electronic Document System	416	-	-
Byron Bay Library	4,200	-	-
Asset Management System	233	-	-
Mullumbimby Sewerage Inflow/Infiltration Works	257	-	-
Sewerage Telemetry Switchboard Replacement	400	-	-
Mullumbimby Water Treatment Plant Refurbishment	440	-	-
Myocum Landfill	-	-	2,800
Total New Borrowings	6,836	-	2,800

General Fund Debt Levels

Council's General Fund debt levels have remained quite static over the past six years. The graph below provides an illustration of the movement in General Fund borrowings over this period of time.



6. FINANCIAL 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 provide details of local government sector key performance indicators on a consolidated and fund-by-fund basis. 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.

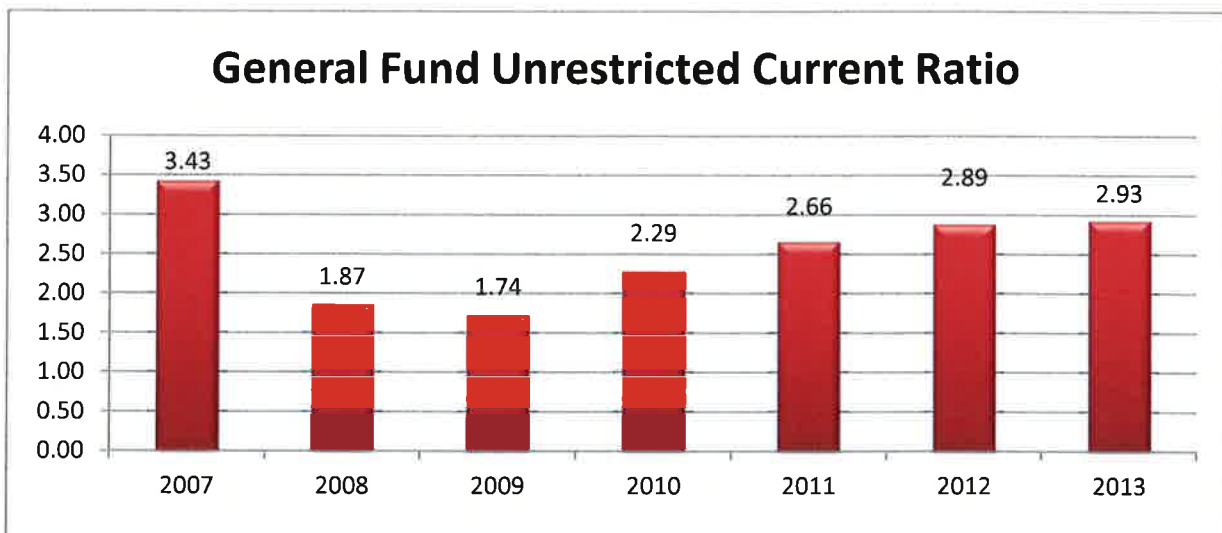
Unrestricted Current Ratio

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 2.89 in 2012 to 2.93 as at 30 June 2013. This unrestricted current ratio is relatively high and reflects Council's re-establishment of internal reserves over recent years, a reduction in payables when compared to the 2012 financial year and reclassification of a portion of the Roundhouse land asset from non-current to current in the statement of financial position.

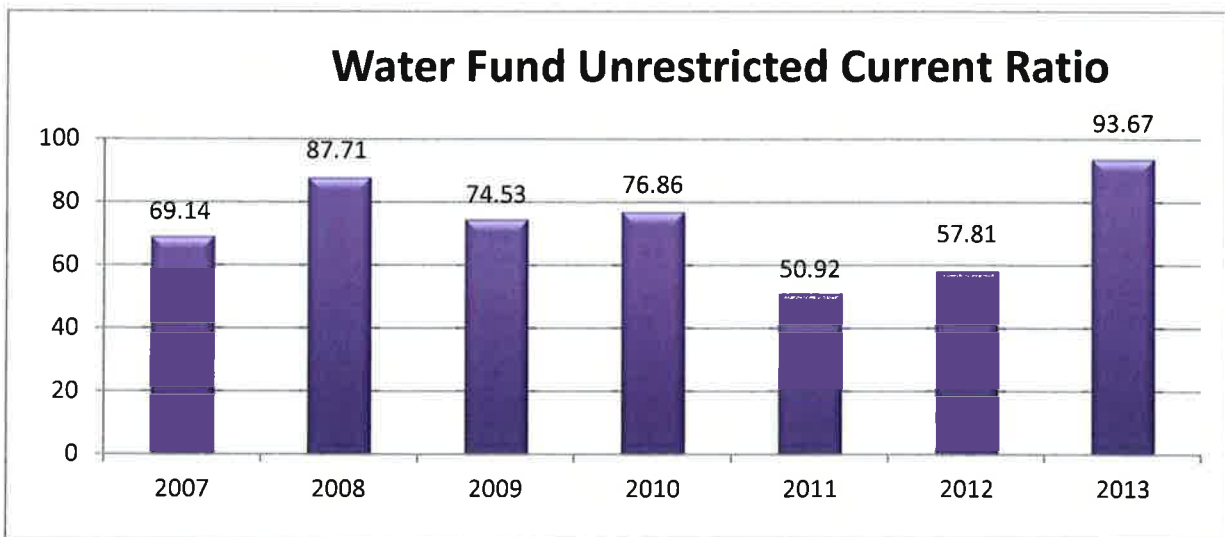
An unrestricted current ratio of between 1.5 and 2 is considered to be an appropriate level to allow Council to satisfy its day-to day commitments and absorb any unforeseen expenses or reductions in revenue. Council's unrestricted current ratio exceeds industry benchmarks and means that Council's general fund has \$2.93 in cash and other liquid assets to satisfy every \$1 in short-term liabilities. It is anticipated that Council's unrestricted current ratio will reduce as internal reserves are used for their intended purpose and the Roundhouse land is developed and sold.

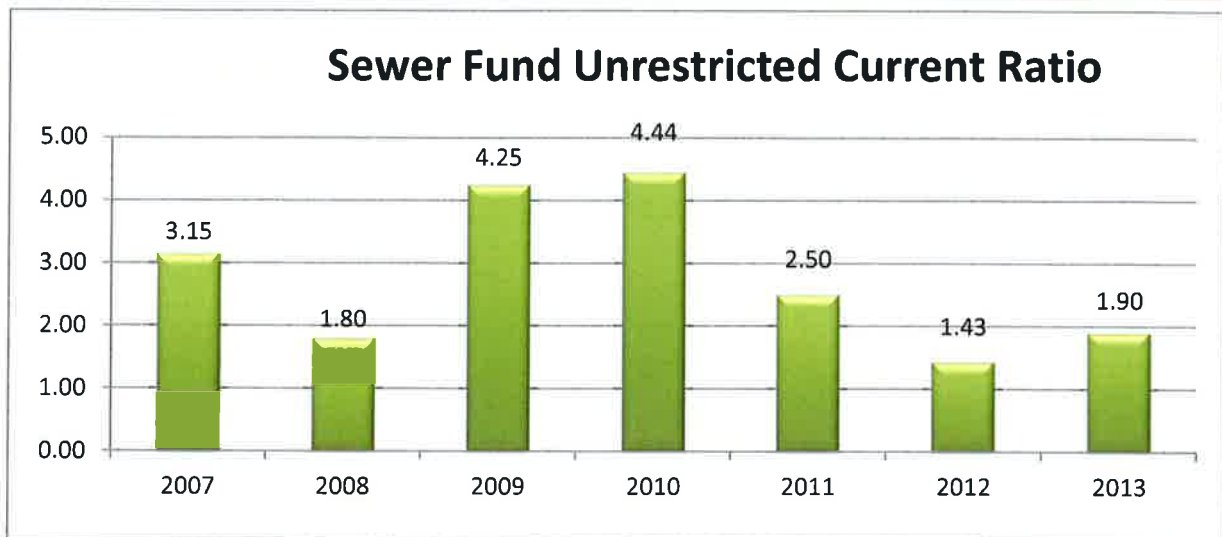
General Fund Long-Term Objectives

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. Council needs to assess its infrastructure requirements and asset management systems and develop strategies to ensure the long-term viability (ability to provide services) of its assets. The development of asset management plans (supported by appropriate management systems) linked to strategic plans is required to achieve long term infrastructure needs.

Sewer and Water Fund Unrestricted Current Ratio

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





Debt Service Ratio

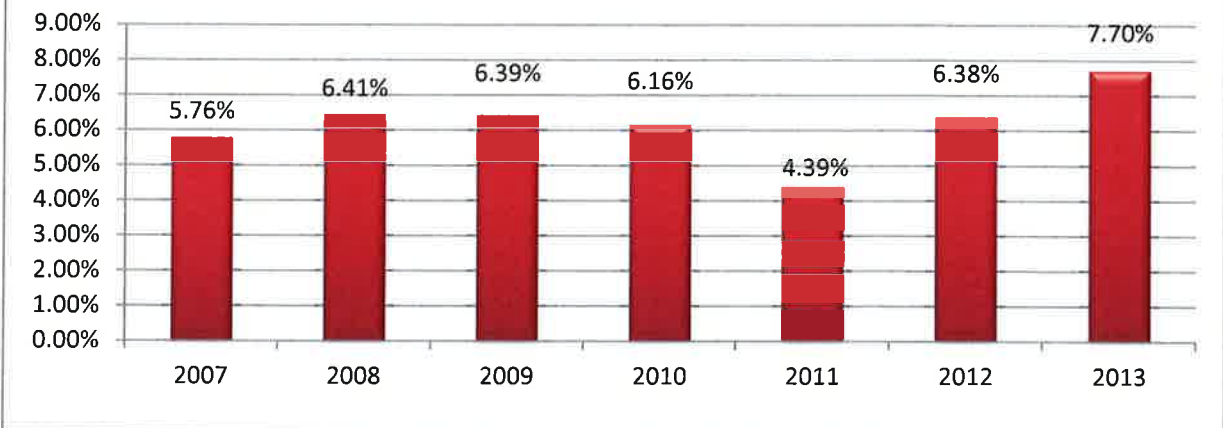
This indicator assesses the degree to which revenues from continuing operations are committed to the repayment of debt. Factors influencing a council's debt service ratio include:

- The rate of new development in the Shire 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 and the need to borrow to replace them.

The NSW Division of Local Government suggested benchmark for the debt service ratio is <10 satisfactory, 10-20 is fair and >20 could be of concern when considered with other financial indicators. High growth coastal Council's often have a higher debt service ratio as they need to fund infrastructure demands for a growing population.

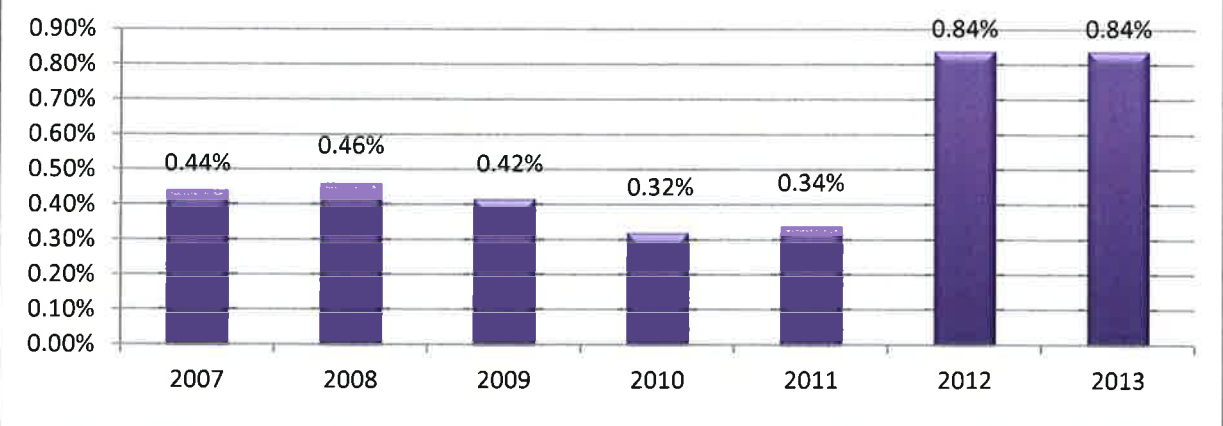


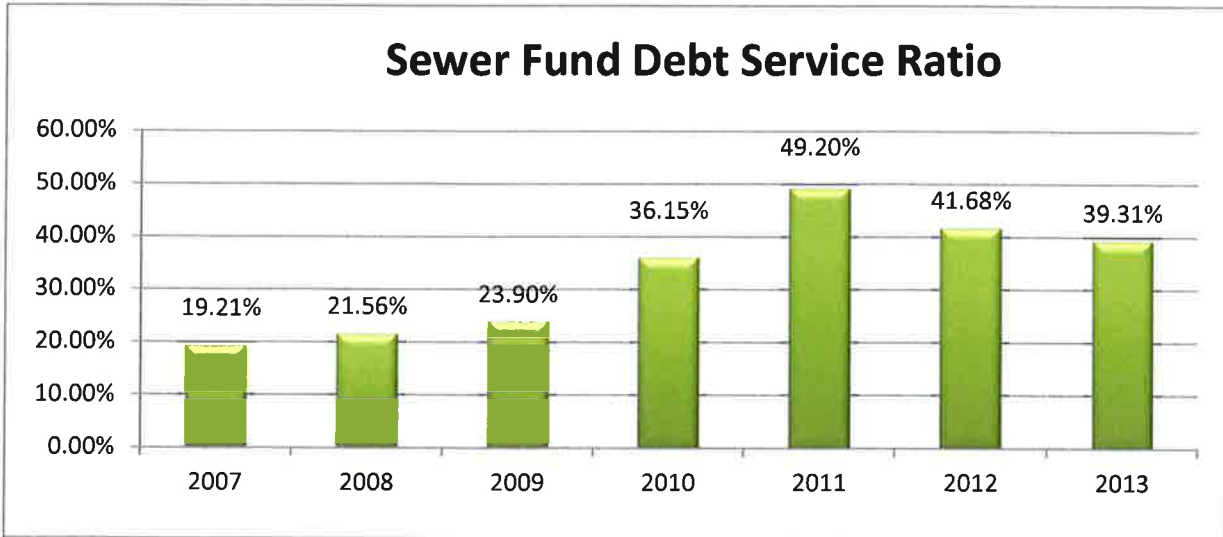
General Fund Debt Service Ratio



The above graph illustrates Council's management of general fund debt service levels over the past seven years. Council's general fund debt service ratio has increased compared to the prior year however is within industry parameters.

Water Fund Debt Service Ratio





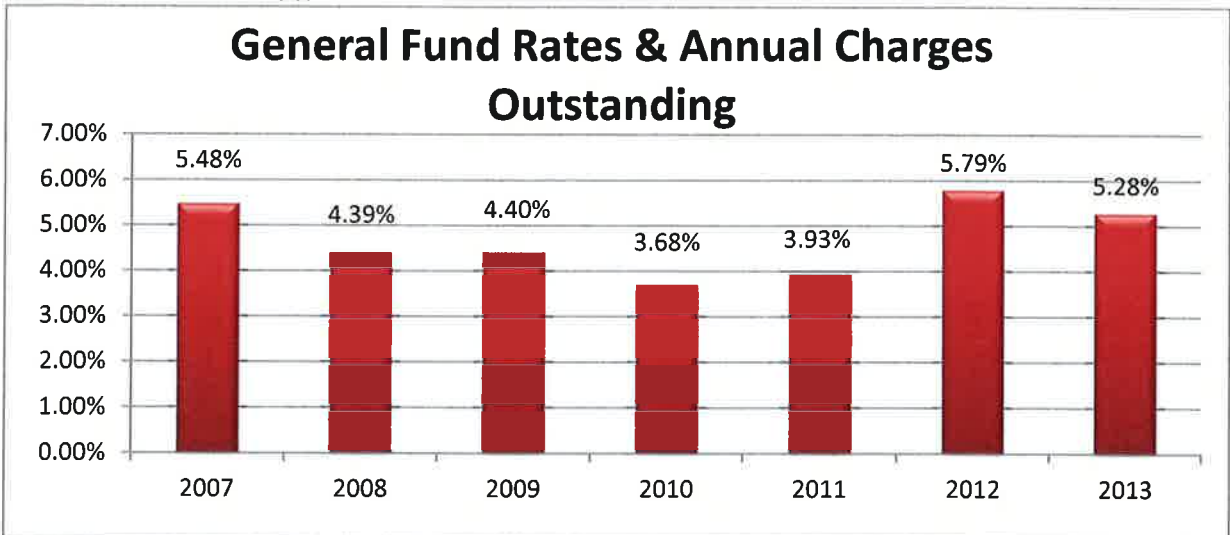
The above graphs illustrate the periodic borrowings to fund Council's capital works programmes for water and sewer funds. Water Fund currently has very low levels of debt whilst the debt service ratio graph for Sewer Fund illustrates the borrowings used to fund the upgrade of Brunswick Valley sewer treatment plant which has started to fall as a result of repayments made.

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 ratio include:

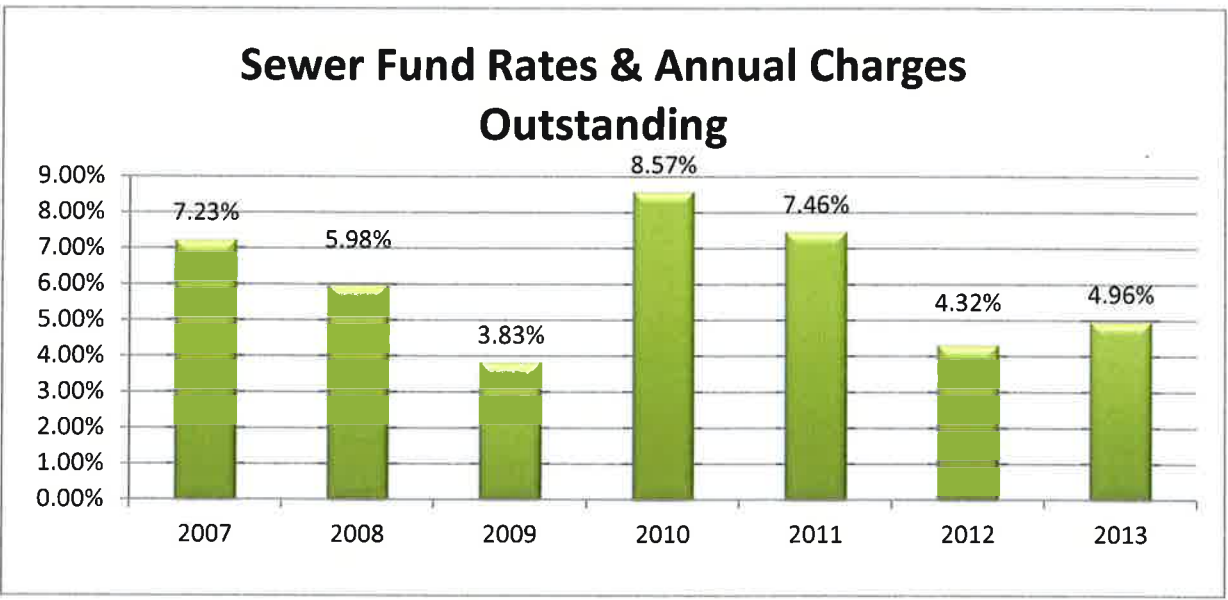
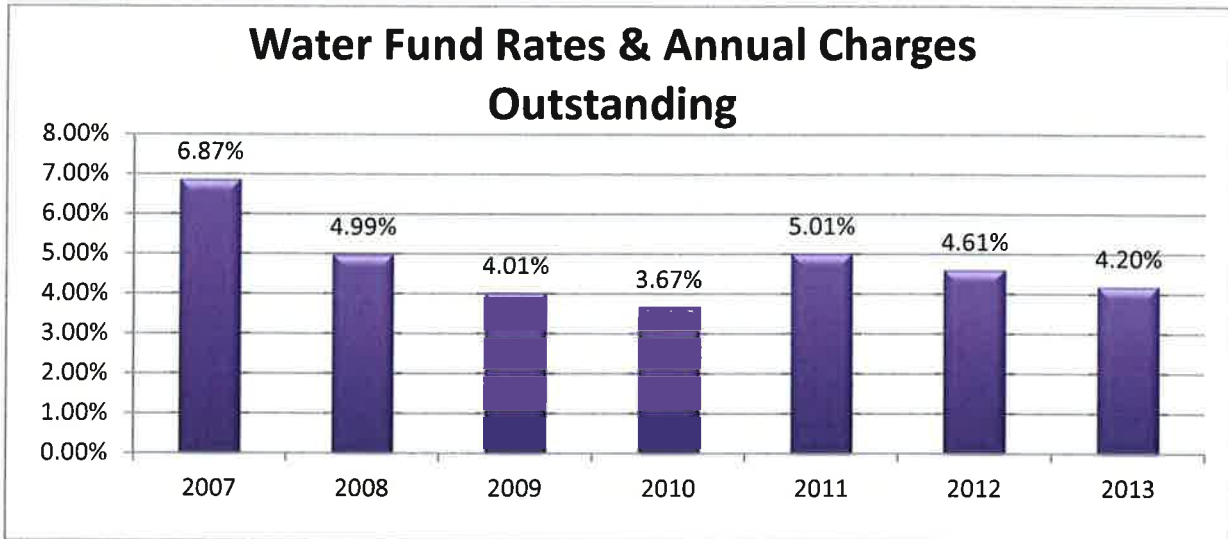
- Council's rating policy;
- Credit management policies;
- The socioeconomic characteristics of the area; and
- Environmental factors influencing ratepayers' ability to satisfy their obligations.

The NSW Division of Local Government benchmark is <5% for urban and coastal Council's and <10% for rural Council's.





Council's general fund rates and annual charges outstanding percentage has decreased as at 30 June 2013 and is within suggested industry benchmark parameters.

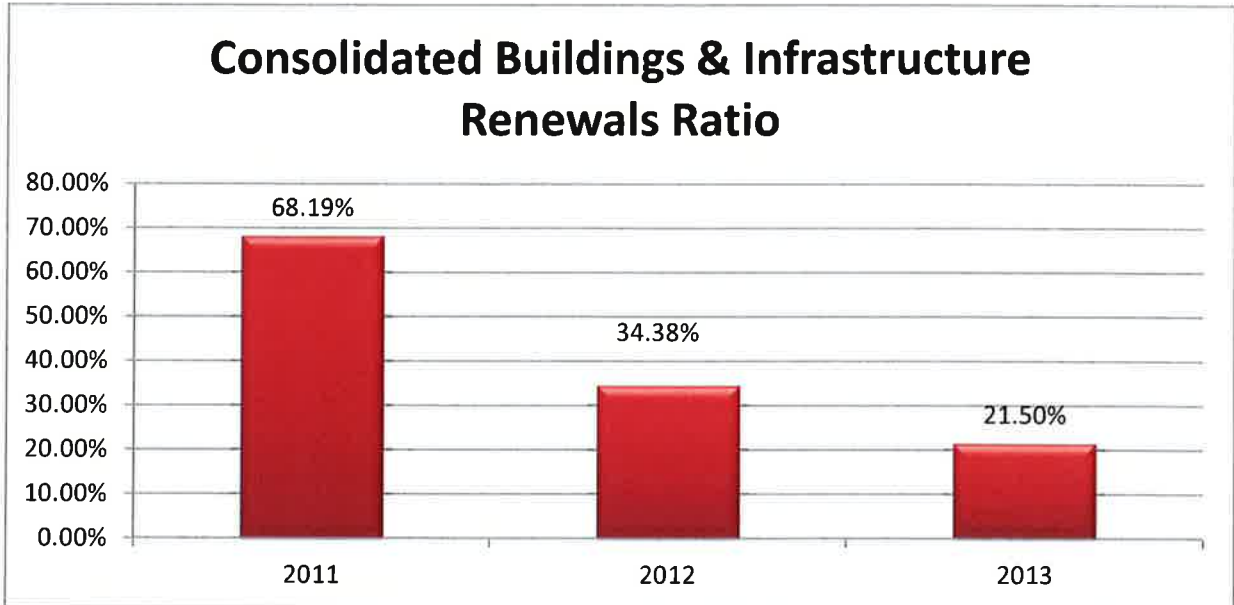


The above graphs illustrate the rates and annual charges outstanding ratio for water and sewer funds. The ratios for each fund as at balance date are within acceptable parameters.

Buildings & 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.

Renewals are 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. A buildings and infrastructure renewals ratio of less than 100% is considered to be below industry benchmarks.



An asset renewal ratio of 21.5% illustrates that Council is spending \$21.50 for every \$100 of depreciation and means that Council's assets are being consumed faster than they are being replaced.

The asset renewal ratio for General, Water and Sewer funds for the 2013 financial year are 25%, 31% and 12% respectively. This ratio is low compared to other local government authorities.

Creating financial capacity to fund asset maintenance, renewals and new capital projects is one of the largest issues facing the Local Government industry in Australia. The ability to satisfy the industry parameters for asset renewals is a key goal for any local government authority which will only be achieved by:

- having asset management and financial systems that accurately identify and record renewals expenditure throughout each year,
- ensuring policies and procedures are updated so that Council personnel have sound guidance on capital v maintenance and renewals v new capital,
- accurately recording renewals expenditure where projects include replacing an existing asset with greater capacity, and
- constantly reviewing Council's operations so that the maximum available resources can be directed toward asset renewal.

Council has recently established a "Financial Sustainability Project Plan" to address the shortfall in asset renewals and improve its overall financial position. We recommend that Council establish a short to medium term goal to have a buildings and infrastructure renewals ratio that satisfies industry benchmarks. Regular measurement and reporting of performance against this indicator should be introduced.



7. OTHER MATTERS FOR CONSIDERATION

7.1 Internal Control Environment

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

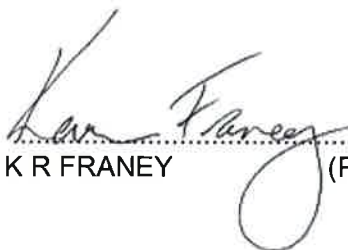
7.2 Financial Performance Measurement

In 2014, note 13 to the general purpose financial statements will incorporate more key performance indicators which are designed to measure financial and asset management performance. Council will need to review its data recording and collection systems to ensure it is able to accurately report on these key indicators.

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 Council staff.

Yours faithfully

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS


K R FRANEY (Partner)

Byron Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

"Byron Shire...a thriving and vibrant community
where residents and visitors can live, work
and play in a sustainable environment"



Byron Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

Contents	Page
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2. Special Purpose Financial Statements:	
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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).

Byron Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

Statement by Councillors and Management

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

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

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

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

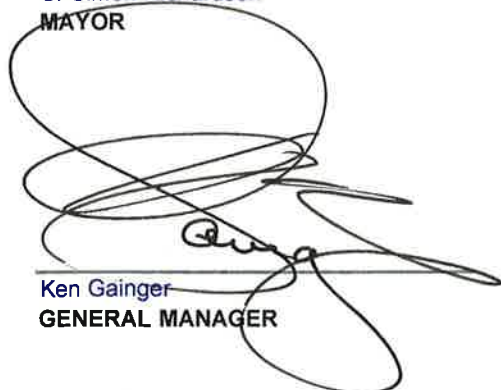
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 31 October 2013.



Cr Simon Richardson
MAYOR



Ken Gainger
GENERAL MANAGER



Cr Basil Cameron
COUNCILLOR



James Brickley
RESPONSIBLE ACCOUNTING OFFICER

Byron Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	1,691	1,560
User charges	5,244	5,119
Fees	162	214
Interest	364	436
Grants and contributions provided for non capital purposes	79	78
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	7,540	7,407
Expenses from continuing operations		
Employee benefits and on-costs	894	908
Borrowing costs	31	33
Materials and contracts	2,200	1,887
Depreciation and impairment	1,189	929
Water purchase charges	3,618	3,437
Loss on sale of assets	-	401
Calculated taxation equivalents	107	106
Debt guarantee fee (if applicable)	9	10
Other expenses	42	36
Total expenses from continuing operations	8,090	7,747
Surplus (deficit) from Continuing Operations before capital amounts	(550)	(340)
Grants and contributions provided for capital purposes	198	452
Surplus (deficit) from Continuing Operations after capital amounts	(352)	112
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(352)	112
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(352)	112
plus Opening Retained Profits	35,543	35,340
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	107	106
- Debt guarantee fees	9	10
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(26)	(25)
- Surplus dividend paid	-	-
Closing Retained Profits	35,281	35,543
Return on Capital %	-0.9%	-0.6%
Subsidy from Council	2,584	1,875
Calculation of dividend payable:		
Surplus (deficit) after tax	(352)	112
less: Capital grants and contributions (excluding developer contributions)	(56)	(126)
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Byron Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	8,611	10,226
User charges	3,764	1,106
Liquid Trade Waste charges	205	307
Fees	243	92
Interest	211	222
Grants and contributions provided for non capital purposes	77	78
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	13,112	12,031
Expenses from continuing operations		
Employee benefits and on-costs	2,433	2,469
Borrowing costs	4,060	3,883
Materials and contracts	3,765	2,981
Depreciation and impairment	5,268	3,494
Loss on sale of assets	-	255
Calculated taxation equivalents	315	282
Debt guarantee fee (if applicable)	1,247	1,247
Other expenses	998	868
Total expenses from continuing operations	18,086	15,479
Surplus (deficit) from Continuing Operations before capital amounts	(4,974)	(3,448)
Grants and contributions provided for capital purposes	572	1,205
Surplus (deficit) from Continuing Operations after capital amounts	(4,402)	(2,243)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(4,402)	(2,243)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(4,402)	(2,243)
plus Opening Retained Profits	81,779	82,518
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	315	282
- Debt guarantee fees	1,247	1,247
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(26)	(25)
- Surplus dividend paid	-	-
Closing Retained Profits	78,913	81,779
Return on Capital %	-0.6%	0.3%
Subsidy from Council	6,387	4,439
Calculation of dividend payable:		
Surplus (deficit) after tax	(4,402)	(2,243)
less: Capital grants and contributions (excluding developer contributions)	(51)	43
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Byron Shire Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

Holiday Parks

Category 1

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	-	-
User charges	-	-
Fees	3,403	3,250
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	3,403	3,250
Expenses from continuing operations		
Employee benefits and on-costs	-	-
Borrowing costs	43	60
Materials and contracts	1,453	1,665
Depreciation and impairment	290	13
Loss on sale of assets	-	-
Calculated taxation equivalents	361	350
Debt guarantee fee (if applicable)	16	22
Other expenses	675	400
Total expenses from continuing operations	2,837	2,510
Surplus (deficit) from Continuing Operations before capital amounts	566	740
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	566	740
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	566	740
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(170)	(222)
SURPLUS (DEFICIT) AFTER TAX	396	518
plus Opening Retained Profits	4,842	4,365
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	361	350
- Debt guarantee fees	16	22
- Corporate taxation equivalent	170	222
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	(733)	(635)
- Dividend paid	-	-
Closing Retained Profits	5,053	4,842
Return on Capital %	2.6%	3.7%
Subsidy from Council	289	312

Byron Shire Council

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

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	4,780	1,210
Investments	-	-
Receivables	1,761	1,913
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	6,541	3,123
Non-Current Assets		
Investments	6,260	9,465
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	54,768	51,784
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	61,028	61,249
TOTAL ASSETS	67,569	64,372
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	36	33
Provisions	-	-
Total Current Liabilities	36	33
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	341	376
Provisions	-	-
Total Non-Current Liabilities	341	376
TOTAL LIABILITIES	376	409
NET ASSETS	67,193	63,963
EQUITY		
Retained earnings	35,281	35,543
Revaluation reserves	31,912	28,420
Council equity interest	67,193	63,963
Non-controlling interest	-	-
TOTAL EQUITY	67,193	63,963

Byron Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	3,200	3,924
Investments	-	-
Receivables	1,903	1,906
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	5,103	5,830
Non-Current Assets		
Investments	4,391	2,716
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	145,191	160,854
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	149,582	163,570
TOTAL ASSETS	154,685	169,400
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	235	236
Interest bearing liabilities	1,174	1,094
Provisions	-	-
Total Current Liabilities	1,410	1,330
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	52,246	53,421
Provisions	-	-
Total Non-Current Liabilities	52,246	53,421
TOTAL LIABILITIES	53,656	54,751
NET ASSETS	101,029	114,649
EQUITY		
Retained earnings	78,913	81,779
Revaluation reserves	22,116	32,870
Council equity interest	101,029	114,649
Non-controlling equity interest	-	-
TOTAL EQUITY	101,029	114,649

Byron Shire Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

Holiday Parks

Category 1

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	-	-
Non-Current Assets		
Investments	689	492
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	23,816	21,381
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	24,505	21,873
TOTAL ASSETS	24,505	21,873
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	227	237
Interest bearing liabilities	287	270
Provisions	-	-
Total Current Liabilities	514	507
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	251	538
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	251	538
TOTAL LIABILITIES	765	1,045
NET ASSETS	23,740	20,828
EQUITY		
Retained earnings	5,053	4,842
Revaluation reserves	18,687	15,986
Council equity interest	23,740	20,828
Non-controlling equity interest	-	-
TOTAL EQUITY	23,740	20,828

Byron Shire 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	10
2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Byron Shire 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. Byron Shire Council Water Supplies

Water supply operations servicing the towns of Byron Bay, Mullumbimby, Bangalow, Suffolk Park, Brunswick Heads and Ocean Shores.

b. Byron Shire Council Sewerage Service

Sewerage reticulation and treatment operations servicing the towns of Byron Bay, Mullumbimby, Bangalow, Suffolk Park, Brunswick Heads and Ocean Shores.

c. Byron Shire Council Holiday Parks

Council owned Holiday Parks operated in the Shire. The holiday parks include First Sun and Suffolk Beachfront.

Category 2

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

Nil

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).

Byron Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

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

(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/(loss) from ordinary activities before capital amounts has been achieved.

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

Byron Shire Council

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

Note 1. Significant Accounting Policies

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

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

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

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

(iv) Dividends

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

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

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

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

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

Byron Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 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	115,609
(ii)	No of assessments multiplied by \$3/assessment	34,344
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	34,344
(iv)	Amounts actually paid for Tax Equivalents	25,800

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	309,096
(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	(486,860)

2013 Surplus	(407,860)	2012 Surplus	(14,000)	2011 Surplus	(65,000)
		2012 Dividend	-	2011 Dividend	-

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

3. Required outcomes for 6 Criteria

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

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

Byron Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

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

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	7,400
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	72.92%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	54,768
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	6,466
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	977
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.46%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

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

Byron Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 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	1,561,616
(ii)	No of assessments multiplied by \$3/assessment	32,406
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	32,406
(iv)	Amounts actually paid for Tax Equivalents	25,800

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)	291,654
(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	(10,572,570)

2013 Surplus	(4,452,570)	2012 Surplus	(2,200,000)	2011 Surplus	(3,920,000)
		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)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Byron Shire Council

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

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

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	13,525
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	145,191
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	6,524
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,475
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	1.19%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	20,925
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.75%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,452
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.74%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Byron Shire Council

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

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

2013

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	20.90%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		0
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(3,179)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	156

- 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.



**BYRON SHIRE 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 Byron Shire 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.

Council's 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 satisfy the requirements of the *Local Government Act 1993* and meet the needs of the NSW 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 report 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 report, 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 to the financial statements, 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 Byron Shire Council:

- a) 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) Are consistent with the Council's accounting records; and
- c) Have been prepared in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting and comply with Australian Accounting Standards to the extent described in Note 1.

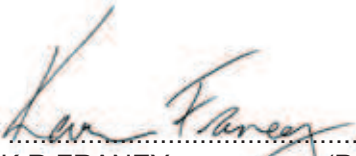
Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Byron Shire 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 describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS



.....
K R FRANEY (Partner)
Registered Company Auditor

Dated at Lismore this 31st day of October 2013.

Byron Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2013

"Byron Shire...a thriving and vibrant community
where residents and visitors can live, work
and play in a sustainable environment"



Byron Shire Council

Special Schedules

for the financial year ended 30 June 2013

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
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¹ Special Purpose Schedules are not audited.

Background

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

Byron Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	-	-	-	-
Administration	3,664	851	-	(2,813)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	692	234	-	(457)
Beach Control	407	1	-	(406)
Enforcement of Local Govt. Regulations	1,422	1,114	-	(308)
Animal Control	72	39	-	(33)
Other	-	-	-	-
Total Public Order & Safety	2,593	1,389	-	(1,204)
Health	554	166	-	(388)
Environment				
Noxious Plants and Insect/Vermin Control	96	-	-	(96)
Other Environmental Protection	989	379	-	(611)
Solid Waste Management	6,268	5,571	-	(697)
Street Cleaning	-	-	-	-
Drainage	1,787	-	31	(1,756)
Stormwater Management	75	304	-	228
Total Environment	9,216	6,254	31	(2,931)
Community Services and Education				
Administration & Education	474	20	-	(455)
Social Protection (Welfare)	422	57	-	(364)
Aged Persons and Disabled	18	1	-	(16)
Children's Services	1,816	1,691	-	(125)
Total Community Services & Education	2,729	1,769	-	(960)
Housing and Community Amenities				
Public Cemeteries	172	177	-	4
Public Conveniences	391	1	-	(391)
Street Lighting	195	50	-	(145)
Town Planning	3,689	1,002	1,088	(1,600)
Other Community Amenities	147	461	-	315
Total Housing and Community Amenities	4,594	1,690	1,088	(1,816)
Water Supplies	7,888	7,297	198	(393)
Sewerage Services	16,393	12,918	572	(2,904)

Byron Shire Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	1,595	92	-	(1,503)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	884	118	-	(766)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	843	8	-	(835)
Swimming Pools	910	335	-	(575)
Parks & Gardens (Lakes)	2,863	1,450	-	(1,414)
Other Sport and Recreation	1,142	154	62	(926)
Total Recreation and Culture	8,238	2,157	62	(6,019)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,258	770	-	(488)
Other Mining, Manufacturing & Construction	33	16	-	(17)
Total Mining, Manufacturing and Const.	1,291	786	-	(505)
Transport and Communication				
Urban Roads (UR) - Local	3,526	3	-	(3,523)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	6,318	3,526	616	(2,175)
Sealed Rural Roads (SRR) - Regional	1,564	759	-	(805)
Unsealed Rural Roads (URR) - Local	577	-	-	(577)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	7	-	-	(7)
Bridges on SRR - Local	384	-	-	(384)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	25	-	-	(25)
Parking Areas	261	663	-	401
Footpaths	1,037	-	-	(1,037)
Aerodromes	30	66	-	37
Other Transport & Communication	1,407	21	-	(1,386)
Total Transport and Communication	15,136	5,038	616	(9,481)
Economic Affairs				
Camping Areas & Caravan Parks	3,007	3,403	-	396
Other Economic Affairs	1,184	716	-	(468)
Total Economic Affairs	4,191	4,119	-	(72)
Totals – Functions	76,487	44,433	2,567	(29,487)
General Purpose Revenues⁽²⁾		21,656		21,656
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	76,487	66,089	2,567	(7,831)

(1) As reported in the Income Statement

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

Byron Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2013

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		From Revenue	Sinking Funds			Current	Non Current
Loans (by Source)									
Commonwealth Government	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-
Financial Institutions	2,661	70,123	2,800	2,705	-	-	5,392	2,727	70,152
Other	-	-	-	-	-	-	-	-	-
Total Loans	2,661	70,123	2,800	2,705	-	-	5,392	2,727	70,152
Other Long Term Debt									
Ratepayers Advances	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-
Total Debt	2,661	70,123	2,800	2,705	-	-	5,392	2,727	70,152
									72,879

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).

Byron Shire Council

Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	1,149	1,189
b. Engineering and Supervision	249	195
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	221	246
d. Maintenance expenses	121	44
- Reservoirs		
e. Operation expenses	210	167
f. Maintenance expenses	49	32
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	-	-
i. Maintenance expenses	-	-
- Treatment		
j. Operation expenses (excluding chemical costs)	169	100
k. Chemical costs	45	35
l. Maintenance expenses	54	39
- Other		
m. Operation expenses	215	216
n. Maintenance expenses	364	359
o. Purchase of water	3,618	3,437
3. Depreciation expenses		
a. System assets	1,188	929
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	31	33
b. Revaluation Decrements	-	-
c. Other expenses	289	174
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	26	25
5. Total expenses	7,999	7,220

Byron Shire Council

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

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

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges		
a. Access (including rates)	1,320	1,218
b. Usage charges	3,554	3,343
7. Non-residential charges		
a. Access (including rates)	371	342
b. Usage charges	1,690	1,776
8. Extra charges	26	25
9. Interest income	338	411
10. Other income	162	214
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	79	78
c. Other grants	-	-
12. Contributions		
a. Developer charges	142	326
b. Developer provided assets	-	-
c. Other contributions	56	127
13. Total income	7,738	7,860
14. Gain (or loss) on disposal of assets	-	(401)
15. Operating Result	(261)	239
15a. Operating Result (less grants for acquisition of assets)	(261)	239

Byron Shire Council

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

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

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	977	130
c. Renewals	-	-
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	33	31
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	1,010	161
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	9,735	9,673
b. Residential (unoccupied, ie. vacant lot)	275	318
c. Non-residential (occupied)	1,397	1,407
d. Non-residential (unoccupied, ie. vacant lot)	41	42
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 143,572	\$ 142,418

Byron Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

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

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

Byron Shire Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	3,200	6,050	9,250
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,580	210	1,790
31. Receivables			
a. Specific purpose grants	16	-	16
b. Rates and Availability Charges	75	-	75
c. User Charges	-	-	-
d. Other	1,669	-	1,669
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	54,768	54,768
b. Plant and equipment	-	-	-
34. Other assets	-	-	-
35. Total assets	6,541	61,028	67,569
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	-	-	-
38. Borrowings			
a. Loans	36	341	376
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	36	341	376
41. NET ASSETS COMMITTED	6,505	60,687	67,193
EQUITY			
42. Accumulated surplus			35,281
43. Asset revaluation reserve			31,912
44. TOTAL EQUITY			67,193
Note to system assets:			
45. Current replacement cost of system assets			86,898
46. Accumulated current cost depreciation of system assets			(32,130)
47. Written down current cost of system assets			54,768

Byron Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,499	1,490
b. Engineering and Supervision	293	188
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	159	108
b. Maintenance expenses	312	274
- Pumping Stations		
c. Operation expenses (excluding energy costs)	383	310
d. Energy costs	428	357
e. Maintenance expenses	579	656
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	812	837
g. Chemical costs	377	358
h. Energy costs	571	444
i. Effluent Management	96	81
j. Biosolids Management	79	79
k. Maintenance expenses	611	497
- Other		
l. Operation expenses	201	125
m. Maintenance expenses	122	61
3. Depreciation expenses		
a. System assets	5,268	3,494
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	4,060	3,883
b. Revaluation Decrements	-	-
c. Other expenses	673	454
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
d. Tax Equivalent Dividends (actually paid)	26	25
5. Total expenses	16,550	13,721

Byron Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

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

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges (including rates)	9,537	8,731
7. Non-residential charges		
a. Access (including rates)	1,622	1,495
b. Usage charges	1,163	1,106
8. Trade Waste Charges		
a. Annual Fees	53	51
b. Usage charges	205	189
c. Excess mass charges	44	67
d. Re-inspection fees	-	-
9. Extra charges	53	52
10. Interest income	159	170
11. Other income	199	92
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	(43)
b. Grants for pensioner rebates	77	78
c. Other grants	-	-
13. Contributions		
a. Developer charges	521	1,248
b. Developer provided assets	-	-
c. Other contributions	51	-
14. Total income	<u>13,684</u>	<u>13,236</u>
15. Gain (or loss) on disposal of assets	-	(255)
16. Operating Result	<u>(2,866)</u>	<u>(740)</u>
16a. Operating Result (less grants for acquisition of assets)	(2,866)	(697)

Byron Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

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

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,475	1,250
c. Renewals	-	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	1,094	1,132
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	2,569	2,382
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	9,079	9,185
b. Residential (unoccupied, ie. vacant lot)	345	377
c. Non-residential (occupied)	1,321	1,292
d. Non-residential (unoccupied, ie. vacant lot)	57	57
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 139,921	\$ 141,267

Byron Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

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

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

Byron Shire Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	2,419	1,689	4,108
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	781	2,702	3,482
32. Receivables			
a. Specific purpose grants	2	-	2
b. Rates and Availability Charges	452	-	452
c. User Charges	-	-	-
d. Other	1,449	-	1,449
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	145,191	145,191
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	5,103	149,582	154,685
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	235	-	235
39. Borrowings			
a. Loans	1,174	52,246	53,421
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	1,410	52,246	53,656
42. NET ASSETS COMMITTED	3,693	97,336	101,029
EQUITY			
42. Accumulated surplus			78,913
44. Asset revaluation reserve			22,116
45. TOTAL EQUITY			101,029
Note to system assets:			
46. Current replacement cost of system assets			193,935
47. Accumulated current cost depreciation of system assets			(48,743)
48. Written down current cost of system assets			145,191

Byron Shire Council

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

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
\$'000											
(i) OPERATING BUDGET											
Income from continuing operations	68,442	62,833	63,931	66,070	68,661	71,412	74,828	78,175	81,606	85,252	89,106
Expenses from continuing operations	76,272	73,108	71,294	72,943	75,732	76,049	77,960	79,989	82,313	84,331	86,454
Operating Result from Continuing Operations	(7,830)	(10,275)	(7,362)	(6,873)	(7,070)	(4,636)	(3,132)	(1,815)	(706)	921	2,653
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	3,246	2,444	1,530	5,434	1,109	1,338	961	1,229	667	6,200	1,000
Replacement/Refurbishment of Existing Assets	8,687	8,448	2,618	2,856	5,191	2,793	2,948	3,254	2,740	3,207	3,404
Total Capital Budget	11,933	10,893	4,147	8,290	6,300	4,131	3,909	4,483	3,407	9,407	4,404
Funded by:											
- Loans	2,800	-	-	4,500	2,000	-	-	-	-	5,000	-
- Asset sales	-	-	-	-	-	-	-	-	-	-	-
- Reserves	7,888	7,593	2,786	2,332	2,748	2,308	1,993	2,581	1,559	2,252	2,110
- Grants/Contributions	508	913	20	20	20	20	20	20	20	20	20
- Recurrent revenue	737	2,388	1,341	1,439	1,533	1,804	1,896	1,882	1,828	2,136	2,275
- Other	-	-	-	-	-	-	-	-	-	-	-
	11,933	10,893	4,147	8,290	6,300	4,131	3,909	4,483	3,407	9,407	4,404

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.