



## **ATTACHMENTS – PART TWO**

### **INDEX OF REPORTS OF THE BLAYNEY SHIRE COUNCIL MEETING HELD ON TUESDAY 16 SEPTEMBER 2014**

#### **CORPORATE SERVICES REPORTS**

##### **13 2013/2014 FINANCIAL STATEMENTS**

**Attachment 1: Financial Statements ..... 2**

# Blayney Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

---

*"an innovative, inspirational  
and enjoyable environment..."*



## Blayney Shire Council

### General Purpose Financial Statements for the financial year ended 30 June 2014

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Primary Financial Statements:</b>	
- Income Statement	3
- Statement of Comprehensive Income	4
- Statement of Financial Position	5
- Statement of Changes in Equity	6
- Statement of Cash Flows	7
<b>3. Notes to the Financial Statements</b>	<b>8</b>
<b>4. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	89
- On the Conduct of the Audit (Sect 417 [3])	91

---

#### Overview

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

(ii) Blayney 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 13 October 2014. Council has the power to amend and reissue these financial statements.

---

Financial Statements 2014

**Blayney Shire Council****General Purpose Financial Statements**  
for the financial year ended 30 June 2014**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 11 August 2014.**

S J Ferguson  
MAYOR



A J Ewin  
COUNCILLOR



Alan McCormack  
ACTING GENERAL MANAGER



C M Hodge  
RESPONSIBLE ACCOUNTING OFFICER

page 2



Financial Statements 2014

## Blayney Shire Council

## Income Statement

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
7,836	Rates & Annual Charges	3a	7,796	7,457
996	User Charges & Fees	3b	2,018	1,425
426	Interest & Investment Revenue	3c	480	482
272	Other Revenues	3d	213	227
2,902	Grants & Contributions provided for Operating Purposes	3e,f	2,076 <sup>2</sup>	3,815
800	Grants & Contributions provided for Capital Purposes	3e,f	2,341	1,636
<b>Other Income:</b>				
-	Net gains from the disposal of assets	5	283	-
-	Net Share of interests in Joint Ventures & Associated			
-	Entities using the equity method	19	-	-
13,232	<b>Total Income from Continuing Operations</b>		<b>15,207</b>	<b>15,042</b>
<b>Expenses from Continuing Operations</b>				
5,361	Employee Benefits & On-Costs	4a	4,920	4,951
204	Borrowing Costs	4b	172	155
2,879	Materials & Contracts	4c	3,026	3,357
4,556	Depreciation & Amortisation	4d	4,718	4,627
-	Impairment	4d	-	-
1,485	Other Expenses	4e	2,065	1,843
-	Net Losses from the Disposal of Assets	5	-	24
14,485	<b>Total Expenses from Continuing Operations</b>		<b>14,901</b>	<b>14,957</b>
(1,253)	<b>Operating Result from Continuing Operations</b>		<b>306</b>	<b>85</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(1,253)	<b>Net Operating Result for the Year</b>		<b>306</b>	<b>85</b>
(1,253)	Net Operating Result attributable to Council		306	85
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,035)	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(2,035)</b>	<b>(1,551)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (a)

This Statement should be read in conjunction with the accompanying Notes.

page 3

Financial Statements 2014

## Blayney Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>306</b>	<b>85</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	528	2,558
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(24)
<b>Total items which will not be reclassified subsequently to the Operating Result</b>		<b>528</b>	<b>2,534</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>528</b>	<b>2,534</b>
<b>Total Comprehensive Income for the Year</b>		<b>834</b>	<b>2,619</b>
Total Comprehensive Income attributable to Council		834	2,619
Total Comprehensive Income attributable to Non-controlling Interests		-	-

This Statement should be read in conjunction with the accompanying Notes.

page 4

Financial Statements 2014

## Blayney Shire Council

Statement of Financial Position  
as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	2,181	4,144
Investments	6b	11,000	7,233
Receivables	7	772	642
Inventories	8	768	900
Other	8	18	149
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>14,739</b>	<b>13,068</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	32	61
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	184,665	184,173
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	281	263
<b>Total Non-Current Assets</b>		<b>184,978</b>	<b>184,497</b>
<b>TOTAL ASSETS</b>		<b>199,717</b>	<b>197,565</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	963	641
Borrowings	10	183	98
Provisions	10	1,812	1,233
<b>Total Current Liabilities</b>		<b>2,958</b>	<b>1,972</b>
<b>Non-Current Liabilities</b>			
Payables	10	113	123
Borrowings	10	2,506	1,710
Provisions	10	52	506
<b>Total Non-Current Liabilities</b>		<b>2,671</b>	<b>2,339</b>
<b>TOTAL LIABILITIES</b>		<b>5,629</b>	<b>4,311</b>
<b>Net Assets</b>		<b>194,088</b>	<b>193,254</b>
<b>EQUITY</b>			
Retained Earnings	20	60,889	60,583
Revaluation Reserves	20	133,199	132,671
Council Equity Interest		194,088	193,254
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>194,088</b>	<b>193,254</b>

This Statement should be read in conjunction with the accompanying Notes.

page 5

Financial Statements 2014

## Blayney Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		60,583	132,671	193,254	-	193,254
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		60,583	132,671	193,254	-	193,254
<b>c. Net Operating Result for the Year</b>		306	-	306	-	306
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsvs	20b (i)	-	528	528	-	528
- Revaluations: Other Reserves	20b (i)	-	-	-	-	-
- Transfers to Income Statement	20b (i)	-	-	-	-	-
- Impairment (loss) reversal relating to IPP&E	20b (i)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	528	528	-	528
<b>Total Comprehensive Income (c&amp;d)</b>		306	528	834	-	834
e. Distributions to/(Contributions from) Non-controlling interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		60,889	133,199	194,088	-	194,088
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		60,277	130,137	190,414	-	190,414
a. Correction of Prior Period Errors	20 (c)	221	-	221	-	221
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		60,498	130,137	190,635	-	190,635
<b>c. Net Operating Result for the Year</b>		85	-	85	-	85
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsvs	20b (i)	-	2,558	2,558	-	2,558
- Revaluations: Other Reserves	20b (i)	-	-	-	-	-
- Transfers to Income Statement	20b (i)	-	-	-	-	-
- Impairment (loss) reversal relating to IPP&E	20b (i)	-	(24)	(24)	-	(24)
<b>Other Comprehensive Income</b>		-	2,534	2,534	-	2,534
<b>Total Comprehensive Income (c&amp;d)</b>		85	2,534	2,619	-	2,619
e. Distributions to/(Contributions from) Non-controlling interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		60,583	132,671	193,254	-	193,254

This Statement should be read in conjunction with the accompanying Notes.

page 6



Financial Statements 2014

## Blayney Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<u>Receipts:</u>				
7,793	Rates & Annual Charges		7,831	7,529
1,045	User Charges & Fees		2,014	1,858
425	Investment & Interest Revenue Received		453	436
3,748	Grants & Contributions		4,632	7,723
-	Bonds, Deposits & Retention amounts received		19	10
327	Other		744	643
<u>Payments:</u>				
(5,361)	Employee Benefits & On-Costs		(4,842)	(4,890)
(2,884)	Materials & Contracts		(3,337)	(4,496)
(193)	Borrowing Costs		(135)	(130)
(1,485)	Other		(2,116)	(1,908)
<u>3,415</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>5,263</u>	<u>6,775</u>
<b>Cash Flows from Investing Activities</b>				
<u>Receipts:</u>				
233	Sale of Investment Securities		457	-
-	Sale of Real Estate Assets		113	94
-	Sale of Infrastructure, Property, Plant & Equipment		49	189
-	Deferred Debtors Receipts		2	24
<u>Payments:</u>				
-	Purchase of Investment Securities		(4,000)	(7,000)
(5,667)	Purchase of Infrastructure, Property, Plant & Equipment		(4,708)	(2,947)
-	Deferred Debtors & Advances Made		(20)	-
<u>(5,434)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(8,107)</u>	<u>(9,640)</u>
<b>Cash Flows from Financing Activities</b>				
<u>Receipts:</u>				
876	Proceeds from Borrowings & Advances		1,000	-
<u>Payments:</u>				
(190)	Repayment of Borrowings & Advances		(119)	(93)
<u>686</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>881</u>	<u>(93)</u>
<u>(1,333)</u>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>(1,963)</u>	<u>(2,958)</u>
9,171	plus: Cash & Cash Equivalents - beginning of year	11a	4,144	7,102
<u>7,838</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u>2,181</u>	<u>4,144</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	11,000	7,233
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>13,181</u>	<u>11,377</u>

Please refer to Note 11 for additional cash flow information

This Statement should be read in conjunction with the accompanying Notes.

page 7

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	9
2(a)	Council Functions / Activities - Financial Information	27
2(b)	Council Functions / Activities - Component Descriptions	28
3	Income from Continuing Operations	29
4	Expenses from Continuing Operations	34
5	Gains or Losses from the Disposal of Assets	37
6(a)	Cash & Cash Equivalent Assets	38
6(b)	Investments	38
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	40
7	Receivables	42
8	Inventories & Other Assets	43
9(a)	Infrastructure, Property, Plant & Equipment	44
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	45
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	45
10(a)	Payables, Borrowings & Provisions	46
10(b)	Description of (and movements in) Provisions	47
11	Statement of Cash Flows - Additional Information	48
12	Commitments for Expenditure	49 n/a
13	Statement of Performance Measures:	
13a (i)	Local Government Industry Indicators (Consolidated)	50
13a (ii)	Local Government Industry Graphs (Consolidated)	51
13b	Local Government Industry Indicators (by Fund)	53
14	Investment Properties	54 n/a
15	Financial Risk Management	54
16	Material Budget Variations	58
17	Statement of Developer Contributions	60
18	Contingencies and Other Liabilities/Assets not recognised	63
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	64 n/a
20	Equity - Retained Earnings and Revaluation Reserves	65
21	Financial Result & Financial Position by Fund	66
22	"Held for Sale" Non Current Assets & Disposal Groups	68 n/a
23	Events occurring after the Reporting Date	68 n/a
24	Discontinued Operations	68 n/a
25	Intangible Assets	69
26	Reinstatement, Rehabilitation & Restoration Liabilities	70
27	Fair Value Measurement	71
 <b>Additional Council Disclosures</b>		
28	Financial Review	87
29	Council Information & Contact Details	88

n/a - not applicable

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### 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

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

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

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

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



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

##### (v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets 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 non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

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

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

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

##### (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 Council 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 remediation provisions.

##### **Critical judgements in applying Council'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 it 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.



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

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

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

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

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

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 rate at the date that interest is earned.

#### Other Income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

#### (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 2014) and (ii) all the related operating results (for the financial year ended the 30th June 2014).

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.

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

##### (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
- Blayney Sewerage Fund
- Millthorpe Sewerage Fund

##### (ii) The Trust Fund

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

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

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

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

##### (iii) Joint Ventures

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

##### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity

method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

##### (v) County Councils

###### • Upper Macquarie County Council

UMCC is a noxious weeds Council whose purpose is to control and eradicate noxious weeds in the area. UMCC manages noxious weed control in the following local government areas of:

- Bathurst Regional Council
- Blayney Shire Council
- Lithgow City Council

###### • Central Tablelands Water County Council

Central Tablelands Water is the water authority whose purpose is to provide the supply of water services in its area. CTWCC is the water authority in the local government areas of:

- Blayney Shire Council
- Cabbonne Council
- Weddin Shire Council

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.



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

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

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

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

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

##### Operating Leases

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

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

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

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

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

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

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

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

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

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

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

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

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

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

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

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

##### (ii) Loans and receivables

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

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

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

##### (iii) Held-to-maturity investments

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

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

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

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

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

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

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

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

##### Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising

from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

##### General Accounting & Measurement of Financial Instruments:

###### (i) Initial Recognition

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

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

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

###### (ii) Subsequent Measurement

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

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



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

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

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

#### Impairment

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

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

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

#### (iii) Types of Investments

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

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

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

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

#### (g) Fair value estimation

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

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

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

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

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

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

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

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

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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.

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 Office of Local Government.

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

- **Sewerage Networks**  
(External Valuation)



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

##### Initial Recognition

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

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

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

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

##### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow

to Council and the cost of the item can be measured reliably.

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

##### Asset Revaluations (including Indexation)

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

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

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

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

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

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

##### Capitalisation Thresholds

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

<b>Land</b>	
- council land	100% Capitalised

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

- open space	100% Capitalised	<b>Other Equipment</b>	
		- Playground equipment	5 to 15 years
		- Benches, seats etc.	10 to 20 years
<b>Plant &amp; Equipment</b>			
Office Furniture	> \$1,000		
Office Equipment	> \$1,000	<b>Buildings</b>	
Other Plant & Equipment	> \$1,000	- Buildings: Masonry	50 to 100 years
		- Buildings: Other	20 to 40 years
<b>Buildings &amp; Land Improvements</b>			
Park Furniture & Equipment	> \$2,000	<b>Stormwater Drainage</b>	
		- Drains	80 to 100 years
Building		- Culverts	50 to 80 years
- construction/extensions	100% Capitalised		
- renovations	> \$5,000	<b>Transportation Assets</b>	
Other Structures	> \$2,000	- Sealed Roads: Surface	20 years
		- Sealed Roads: Structure	50 years
		- Unsealed roads	20 years
<b>Sewer Assets</b>		- Bridge: Concrete	100 years
Reticulation extensions	> \$5,000	- Bridge: Other	50 years
Other	> \$5,000		
		- Road Pavements	60 years
<b>Stormwater Assets</b>		- Kerb, Gutter & Paths	40 years
Drains & Culverts	> \$5,000		
Other	> \$5,000	<b>Sewer Assets</b>	
		- Reticulation pipes: PVC	80 years
<b>Transport Assets</b>		- Reticulation pipes: Other	25 to 75 years
Road construction & reconstruction	100% Capitalised	- Pumps and telemetry	15 to 20 years
Reseal/Re-sheet & major repairs:	> \$10,000		
Bridge construction & reconstruction	100% Capitalised	<b>Other Infrastructure Assets</b>	
		- Bulk earthworks	Infinite

**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:

<b>Plant &amp; Equipment</b>	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

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

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

**Disposal and De-recognition**

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

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

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

##### (l) Land under roads

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

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

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

##### (m) Intangible Assets

###### IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

##### (n) Crown Reserves

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

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

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

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

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

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

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

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

##### (p) Investment property

Council does not hold any investment property.

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

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

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

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Specific information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

##### **(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

#### (s) Impairment of assets

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

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

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

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

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

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

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

#### (t) Payables

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

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

#### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

##### (v) Borrowing costs

Borrowing costs are expensed.

##### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

##### (x) Employee benefits

###### (i) Short Term Obligations

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

leave expected to be wholly 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.

All other short-term employee benefit obligations are presented as payables.

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 wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 21/02/2013 and covered the period ended 30/06/2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 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 2014 was \$168,868.

The amount of additional contributions included in the total employer contribution advised above is \$80,420.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$321,680 as at 30 June 2014.

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

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

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

##### Defined Contribution Plans

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

the future payment of certain Leave Liabilities accrued as at 30/6/14.

##### (y) Self insurance

Council does not self insure.

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

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

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

##### Exceptions

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

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

##### (aa) Taxes

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

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

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

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

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

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

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

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

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

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

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

**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 and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)**



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

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

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

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

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

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

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

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

**AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets** (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

**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 for 30 June 2015 Financial Statements for not-for-profit entities)

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.

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

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

None

There are no other standards that are "not yet effective" and expected to have a material impact on

Council in the current or future reporting periods and on foreseeable future transactions.

#### (ac) Rounding of amounts

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

#### (ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

#### (ae) Disclaimer

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





## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

##### GOVERNANCE

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

##### ADMINISTRATION

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

##### PUBLIC ORDER & SAFETY

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

##### HEALTH

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

##### ENVIRONMENT

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

##### COMMUNITY SERVICES & EDUCATION

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

##### HOUSING & COMMUNITY AMENITIES

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

##### SEWERAGE SERVICES

Activities relating to the monitoring, reduction, collection, reticulation and treatment of all waste water.

##### RECREATION & CULTURE

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

##### MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

##### TRANSPORT & COMMUNICATION

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

##### ECONOMIC AFFAIRS

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

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
<b>Ordinary Rates</b>			
Residential		1,345	1,349
Farmland		1,750	1,689
Mining		672	652
Business		263	244
<b>Total Ordinary Rates</b>		<b>4,030</b>	<b>3,934</b>
<b>Special Rates</b>			
Community Centre Refurbishment		275	275
Mining Special Rate		1,620	1,567
<b>Total Special Rates</b>		<b>1,895</b>	<b>1,842</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		845	756
Sewerage Services		1,026	925
<b>Total Annual Charges</b>		<b>1,871</b>	<b>1,681</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>7,796</b>	<b>7,457</b>

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Sewerage Services		132	94
<b>Total User Charges</b>		<b>132</b>	<b>94</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.605)			
Building Regulation		197	192
Private Works - Section 67		70	136
Section 149 Certificates (EPA Act)		16	18
Section 603 Certificates		12	12
Other		4	4
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>299</b>	<b>362</b>
<b>(ii) Fees &amp; Charges - Other</b> (incl. General User Charges (per s.608)			
Cemeteries		46	38
Lease Rentals		304	37
Leaseback Fees - Council Vehicles		50	44
Multipurpose Centre		324	313
Quarry Revenues		325	72
RMS (formerly RTA) Charges (State Roads not controlled by Council)		486	346
Waste Disposal Tipping Fees		46	79
Other		6	40
<b>Total Fees &amp; Charges - Other</b>		<b>1,587</b>	<b>969</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>2,018</b>	<b>1,425</b>



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		31	39
- Interest earned on Investments (interest & coupon payment income)		449	443
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>480</b>	<b>482</b>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		31	37
General Council Cash & Investments		258	254
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		34	23
- Section 64		44	29
Sewerage Fund Operations		113	139
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>480</b>	<b>482</b>
(d) Other Revenues			
Rental Income - Other Council Properties		9	10
Legal Fees Recovery - Other		23	12
Commissions & Agency Fees		-	3
Diesel Rebate		43	50
Insurance Claim Recoveries		13	80
Sale of Abandoned Vehicles		-	1
Sewer Monitoring		-	22
Insurance Rebates		88	-
Other		37	49
<b>TOTAL OTHER REVENUE</b>		<b>213</b>	<b>227</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	797	1,549	-	-
Financial Assistance - Local Roads Component	389	741	-	-
Pensioners' Rates Subsidies - General Component	54	55	-	-
<b>Total General Purpose</b>	<b>1,240</b>	<b>2,345</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

**Specific Purpose****Pensioners' Rates Subsidies:**

- Sewerage	16	16	-	-
- Domestic Waste Management	24	26	-	-
Sewerage Services	-	-	38	-
Aged Care	5	-	-	-
Community Care	-	14	-	-
Heritage & Cultural	7	13	-	-
Library	48	33	-	-
Recreation & Culture	-	-	150	-
Street Lighting	-	16	-	-
Transport (Roads to Recovery)	-	10	505	470
Transport (Other Roads & Bridges Funding)	94	939	514	1,049
Youth Services	1	1	-	-
Domestic Waste	238	-	-	-
Energy Efficiency	-	-	51	-
Town Planning	-	-	15	-
<b>Total Specific Purpose</b>	<b>433</b>	<b>1,068</b>	<b>1,273</b>	<b>1,519</b>
<b>Total Grants</b>	<b>1,673</b>	<b>3,413</b>	<b>1,273</b>	<b>1,519</b>

**Grant Revenue is attributable to:**

- Commonwealth Funding	1,186	2,301	505	-
- State Funding	487	172	768	-
- Other Funding	-	940	-	1,519
	<b>1,673</b>	<b>3,413</b>	<b>1,273</b>	<b>1,519</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
<b>Developer Contributions:</b>				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	23	91
S 64 - Sewerage Service Contributions	-	-	12	11
<b>Total Developer Contributions</b>	17	-	<b>35</b>	<b>102</b>
<b>Other Contributions:</b>				
Bushfire Services	57	57	-	-
LIRS Subsidy	10	-	-	-
Recreation & Culture	-	-	7	15
Roads & Bridges	10	42	-	-
RMS Contributions (Regional Roads, Block Grant)	305	288	-	-
Voluntary Planning Agreement	-	-	1,000	-
Other	21	15	26	-
<b>Total Other Contributions</b>	<b>403</b>	<b>402</b>	<b>1,033</b>	<b>15</b>
<b>Total Contributions</b>	<b>403</b>	<b>402</b>	<b>1,068</b>	<b>117</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>2,076</b>	<b>3,815</b>	<b>2,341</b>	<b>1,636</b>

\$ '000	Actual 2014	Actual 2013
(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	1,431	1,347
add: Grants & contributions recognised in the current period but not yet spent:	1,472	258
less: Grants & contributions recognised in a previous reporting period now spent:	(177)	(174)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>1,295</b>	<b>84</b>
<b>Unexpended and held as Restricted Assets</b>	<b>2,726</b>	<b>1,431</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	1,421	239
- Developer Contributions	1,305	1,192
	<b>2,726</b>	<b>1,431</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		3,828	3,846
Travelling		13	64
Employee Leave Entitlements (ELE)		572	450
Superannuation		491	463
Workers' Compensation Insurance		81	135
Fringe Benefit Tax (FBT)		57	51
Training Costs (other than Salaries & Wages)		89	100
Sick Leave Insurance		7	6
Protective Clothing		19	14
Other		41	25
<b>Total Employee Costs</b>		<b>5,198</b>	<b>5,154</b>
less: Capitalised Costs		(278)	(203)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>4,920</b>	<b>4,951</b>
Number of "Equivalent Full Time" Employees at year end		70	66
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		145	130
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>145</b>	<b>130</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	27	25
<b>Total Other Borrowing Costs</b>		<b>27</b>	<b>25</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>172</b>	<b>155</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		2,904	3,261
Auditors Remuneration <sup>(1)</sup>		24	26
Legal Expenses:			
- Legal Expenses: Planning & Development		18	2
- Legal Expenses: Debt Recovery		21	44
- Legal Expenses: Other		42	7
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		17	17
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>3,026</b>	<b>3,357</b>



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
---------	-------	----------------	----------------

## (c) Materials &amp; Contracts (continued)

## 1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

## (i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor

Remuneration for audit and other assurance services		24	26
		<u>24</u>	<u>26</u>
<b>Total Auditor Remuneration</b>		<u>24</u>	<u>26</u>

2. Operating Lease Payments are attributable to:  
Other

	17	17
	<u>17</u>	<u>17</u>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013

## (d) Depreciation, Amortisation &amp; Impairment

Plant and Equipment	-	-	704	701
Office Equipment	-	-	61	74
Furniture & Fittings	-	-	23	23
Land Improvements (depreciable)	-	-	383	383
Buildings - Non Specialised	-	-	115	106
Buildings - Specialised	-	-	537	559
Infrastructure:				
- Roads	-	24	1,904	1,849
- Bridges	-	-	260	261
- Footpaths	-	-	51	49
- Stormwater Drainage	-	-	57	57
- Sewerage Network	-	-	463	454
- Other Open Space/Recreational Assets	-	-	82	81
Asset Reinstatement Costs	9 & 26	-	15	13
Intangible Assets	25	-	63	17
<b>Total Depreciation &amp; Impairment Costs</b>	-	<b>24</b>	<b>4,718</b>	<b>4,627</b>
less: Impairments (to)/from ARR (Equity)	9a	(24)	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>	-	-	<b>4,718</b>	<b>4,627</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		25	28
Bank Charges		21	20
Cleaning		42	71
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		34	50
- NSW Fire Brigade Levy		140	124
Councillor Expenses - Mayoral Fee		23	22
Councillor Expenses - Councillors' Fees		73	71
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		3	14
Donations, Contributions & Assistance to other organisations (Section 356)		306	324
- Contributions to Central West Libraries		119	108
- Contribution to Upper Macquarie County Council		65	62
Election Expenses		-	51
Electricity & Heating		266	264
Insurance		353	239
Postage		16	13
Printing & Stationery		36	32
Street Lighting		102	143
Subscriptions & Publications		188	67
Telephone & Communications		46	40
Valuation Fees		29	26
Water Charges		108	37
Other		70	37
<b>TOTAL OTHER EXPENSES</b>		<b>2,065</b>	<b>1,843</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		49	168
less: Carrying Amount of P&E Assets Sold / Written Off		(7)	(192)
<b>Net Gain/(Loss) on Disposal</b>		<b>42</b>	<b>(24)</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		113	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(96)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>17</b>	<b>-</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		457	-
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(233)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>224</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>283</b>	<b>(24)</b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"		224	-
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>224</b>	<b>-</b>



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

		2014	2014	2013	2013
\$ '000	Notes	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,181	-	644	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		1,000	-	3,500	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>2,181</b>	<b>-</b>	<b>4,144</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		11,000	-	7,000	-
- CDO's		-	-	233	-
<b>Total Investments</b>		<b>11,000</b>	<b>-</b>	<b>7,233</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>13,181</b>	<b>-</b>	<b>11,377</b>	<b>-</b>

<sup>1</sup> Those investments where time to maturity is < 3 mths.

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

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		2,181	-	4,144	-
<b>Investments</b>					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	-	-	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	-	-	233	-
c. "Loans & Receivables"	6(b-iii)	11,000	-	7,000	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>11,000</b>	<b>-</b>	<b>7,233</b>	<b>-</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 6b. Investments (continued)

	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
\$ '000				

## Note 6(b-i)

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

Nil

## Note 6(b-ii)

Reconciliation of Investments  
classified as "Held to Maturity"

Balance at the Beginning of the Year	233	-	-	233
Disposals (sales & redemptions)	(233)	-	-	-
Transfers between Current/Non Current	-	-	233	(233)
Balance at End of Year	-	-	233	-

## Comprising:

- CDO's	-	-	233	-
Total	-	-	233	-

## Note 6(b-iii)

Reconciliation of Investments  
classified as "Loans & Receivables"

Balance at the Beginning of the Year	7,000	-	-	-
Additions	4,000	-	7,000	-
Balance at End of Year	11,000	-	7,000	-

## Comprising:

- Long Term Deposits	11,000	-	7,000	-
Total	11,000	-	7,000	-

## Note 6(b-iv)

Reconciliation of Investments  
classified as "Available for Sale"

Nil

Financial Statements 2014

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	13,181	-	11,377	-
attributable to:				
External Restrictions (refer below)	6,875	-	4,844	-
Internal Restrictions (refer below)	6,306	-	6,530	-
Unrestricted	-	-	3	-
	13,181	-	11,377	-

2014	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Developer Contributions - General (D)	534	58	(1)	591
Developer Contributions - Sewer Fund (D)	658	56	-	714
Specific Purpose Unexpended Grants (F)	235	1,182	-	1,417
Specific Purpose Unexpended Grants-Sewer Fund (F)	4	-	-	4
Sewerage Services (G)	2,817	881	-	3,698
Rates - Special Variation Community Centre	88	-	(67)	21
Rates - Special Variation Mining	508	-	(78)	430
External Restrictions - Other	4,844	2,177	(146)	6,875
Total External Restrictions	4,844	2,177	(146)	6,875

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,751	-	(92)	1,659
Employees Leave Entitlement	564	-	-	564
Asset Replacement Reserve	1,670	706	-	2,376
Blayney Town Works	185	-	-	185
Cemeteries	6	-	-	6
Construction of Buildings	8	-	-	8
Election Reserve	12	16	-	28
Financial Assistance Grant	1,192	-	(1,192)	-
Golden Gully	23	-	-	23
Grant Matching Reserve	25	-	-	25
Inala Units	12	35	-	47
I.T Reserve	40	-	-	40
Local Museums	15	-	-	15
Multipurpose Centre	163	90	-	253
Property Account	468	-	(11)	457
Quarry	330	20	-	350
Showground Improvement Fund	6	-	-	6
Tourism Promotion Fund	60	154	-	214
Waste	-	50	-	50
<b>Total Internal Restrictions</b>	<b>6,530</b>	<b>1,071</b>	<b>(1,295)</b>	<b>6,306</b>
<b>TOTAL RESTRICTIONS</b>	<b>11,374</b>	<b>3,248</b>	<b>(1,441)</b>	<b>13,181</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		306	27	340	28
Interest & Extra Charges		43	21	34	67
User Charges & Fees		198	-	135	-
Private Works		85	107	59	107
Accrued Revenues					
- Interest on Investments		135	-	71	-
Government Grants & Subsidies		1	-	1	-
Deferred Debtors		4	18	2	2
<b>Total</b>		<b>772</b>	<b>173</b>	<b>642</b>	<b>204</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		-	(18)	-	(18)
Interest & Extra Charges		-	(7)	-	(7)
Other Debtors		-	(116)	-	(118)
<b>Total Provision for Impairment - Receivables</b>		<b>-</b>	<b>(141)</b>	<b>-</b>	<b>(143)</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>772</u></b>	<b><u>32</u></b>	<b><u>642</u></b>	<b><u>61</u></b>
<b>Externally Restricted Receivables</b>					
Sewerage Services					
- Rates & Availability Charges		83	-	78	-
<b>Total External Restrictions</b>		<b>83</b>	<b>-</b>	<b>78</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
Unrestricted Receivables		689	32	564	61
<b>TOTAL NET RECEIVABLES</b>		<b>772</b>	<b>32</b>	<b>642</b>	<b>61</b>

## Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		459	-	554	-
Stores & Materials		76	-	108	-
Trading Stock		233	-	238	-
<b>Total Inventories</b>		<b>768</b>	<b>-</b>	<b>900</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		16	-	149	-
Work In Progress		2	-	-	-
<b>Total Other Assets</b>		<b>18</b>	<b>-</b>	<b>149</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>786</b>	<b>-</b>	<b>1,049</b>	<b>-</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

**(i) Other Disclosures****(a) Details for Real Estate Development**

Residential	-	-	95	-
Industrial/Commercial	459	-	459	-
<b>Total Real Estate for Resale</b>	<b>459</b>	<b>-</b>	<b>554</b>	<b>-</b>

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

**Represented by:**

Acquisition Costs	459	-	554	-
<b>Total Costs</b>	<b>459</b>	<b>-</b>	<b>554</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>459</b>	<b>-</b>	<b>554</b>	<b>-</b>

**Movements:**

Real Estate assets at beginning of the year	554	-	554	-
- Purchases and other costs	1	-	-	-
- WDV of Sales (exp)	(96)	-	-	-
<b>Total Real Estate for Resale</b>	<b>459</b>	<b>-</b>	<b>554</b>	<b>-</b>

**(b) Current Assets not anticipated to be settled within the next 12 months**

The following inventories &amp; Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2014	2013
Real Estate for Resale	459	554
	<b>459</b>	<b>554</b>

**(c) Inventories recognised as an expense for the year included:**

- Stores & Materials	487	639
- Trading Stock	305	542

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

	as at 30/6/2013						as at 30/6/2014					
	Asset Movements during the Reporting Period			as at 30/6/2013			as at 30/6/2014			as at 30/6/2014		
	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value	Asset Additions	WCV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (AOR)	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
<b>\$ '000</b>												
Plant & Equipment	-	10,144	7,444	2,700	683	(7)	(704)	-	-	10,593	7,921	2,672
Office Equipment	-	574	401	173	37	-	(61)	-	-	811	462	149
Furniture & Fittings	-	373	318	55	83	-	(23)	-	-	456	341	115
Land:												
- Operational Land	-	1,467	-	1,467	-	-	-	-	-	1,467	-	1,467
- Community Land	-	4,122	-	4,122	-	-	-	-	-	4,122	-	4,122
Land Improvements - depreciable	-	6,654	2,716	3,938	-	-	(383)	-	-	6,654	3,099	3,555
Buildings - Non Specialised	-	3,557	1,455	2,102	184	-	(115)	-	-	3,741	1,570	2,171
Buildings - Specialised	-	17,652	6,920	10,732	-	-	(537)	-	-	17,652	7,457	10,195
Infrastructure:												
- Roads	-	142,235	35,154	107,081	1,352	-	(1,904)	-	-	143,587	37,058	106,529
- Bridges	-	20,970	7,117	13,853	1,787	-	(260)	-	-	22,757	7,377	15,380
- Footpaths	-	4,045	1,631	2,415	124	-	(51)	-	-	4,170	1,682	2,488
- Bulk Earthworks (non-depreciable)	-	10,466	-	10,466	-	-	-	-	-	10,466	-	10,466
- Stormwater Drainage	-	5,691	1,607	4,084	254	-	(57)	-	-	5,946	1,665	4,281
- Sewerage Network	-	26,707	7,490	19,217	122	-	(463)	528	-	27,580	8,176	19,404
- Other Open Space/Recreational Assets	-	2,562	915	1,647	-	-	(82)	-	-	2,562	997	1,565
Renewal, Rehabilitation & Restoration Assets (refer Note 26):												
- Tip Assets	-	225	100	125	-	-	(13)	-	-	224	112	112
- Quarry Assets	-	37	17	20	-	-	(2)	-	-	37	19	18
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	-	<b>257,482</b>	<b>73,285</b>	<b>184,197</b>	<b>4,626</b>	<b>(7)</b>	<b>(4,625)</b>	<b>528</b>	-	<b>262,425</b>	<b>77,836</b>	<b>184,589</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$369K) and New Assets (\$124K). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other infrastructure, property, plant & equipment.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
Plant & Equipment	-	234	114	120	-	234	94	140
Land								
- Community Land	-	238	-	238	-	238	-	238
Buildings	-	338	81	257	-	338	71	267
Infrastructure	-	27,580	8,174	19,406	-	26,707	7,490	19,217
<b>Total Sewerage Services</b>	-	28,390	8,369	20,021	-	27,517	7,655	19,862
<b>Domestic Waste Management</b>								
Land								
- Community Land	-	160	-	160	-	160	-	160
<b>Total DWM</b>	-	160	-	160	-	160	-	160
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	28,550	8,369	20,181	-	27,677	7,655	20,022

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

## (i) Impairment Losses recognised direct to Equity (ARR):

Cowriga Creek Bridge - Failed and Closed	-	(17)
Snake Creek Bridge - Failed and Closed	-	(7)
<b>Total Impairment Losses</b>	-	<b>(24)</b>
<b>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</b>	20 (18)	<b>(24)</b>

Financial Statements 2014

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		663	-	392	-
Payments Received In Advance		111	-	124	-
Accrued Expenses:					
- Borrowings		19	-	9	-
- Other Expenditure Accruals		30	1	43	2
Security Bonds, Deposits & Retentions		72	112	44	121
ATO - Net GST Payable		67	-	29	-
Other		1	-	-	-
<b>Total Payables</b>		<b>963</b>	<b>113</b>	<b>641</b>	<b>123</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		183	2,506	98	1,710
<b>Total Borrowings</b>		<b>183</b>	<b>2,506</b>	<b>98</b>	<b>1,710</b>
<b>Provisions</b>					
Employee Benefits:					
Annual Leave		336	-	347	-
Long Service Leave		929	50	819	61
ELE On-Costs		78	2	67	3
Sub Total - Aggregate Employee Benefits		1,343	52	1,233	64
Asset Remediation/Restoration (Future Works)	26	469	(0)	-	442
<b>Total Provisions</b>		<b>1,812</b>	<b>52</b>	<b>1,233</b>	<b>506</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>2,958</b>	<b>2,671</b>	<b>1,972</b>	<b>2,339</b>

## (i) Liabilities relating to Restricted Assets

	2014		2013	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Sewer	60	880	56	927
Liabilities relating to externally restricted assets	60	880	56	927
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>60</b>	<b>880</b>	<b>56</b>	<b>927</b>
<b>Total Liabilities relating to Unrestricted Assets</b>	<b>2,898</b>	<b>1,791</b>	<b>1,916</b>	<b>1,412</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>2,958</b>	<b>2,671</b>	<b>1,972</b>	<b>2,339</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

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



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

	Actual 2014	Actual 2013
<b>\$ '000</b>		

## (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	1,096	909
Payables - Security Bonds, Deposits & Retentions	28	34
	<b>1,124</b>	<b>943</b>

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

Class of Provision	2013	2014				Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	347	313	(324)	-	-	336
Long Service Leave	880	146	(47)	-	-	979
ELE On-Costs	70	10	-	-	-	80
Asset Remediation	442	1	-	26	-	469
<b>TOTAL</b>	<b>1,739</b>	<b>470</b>	<b>(371)</b>	<b>26</b>	<b>-</b>	<b>1,864</b>

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

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	2,181	4,144
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>2,181</b>	<b>4,144</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
Net Operating Result from Income Statement		306	85
Adjust for non cash items:			
Depreciation & Amortisation		4,718	4,627
Net Losses/(Gains) on Disposal of Assets		(283)	24
Unwinding of Discount Rates on Reinstatement Provisions		27	25
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(81)	2,310
Increase/(Decrease) in Provision for Doubtful Debts		(2)	-
Decrease/(Increase) in Inventories		37	(46)
Decrease/(Increase) in Other Assets		131	11
Increase/(Decrease) in Payables		271	(454)
Increase/(Decrease) in accrued Interest Payable		10	-
Increase/(Decrease) in other accrued Expenses Payable		(14)	45
Increase/(Decrease) in Other Liabilities		45	67
Increase/(Decrease) in Employee Leave Entitlements		98	81
<b>NET CASH PROVIDED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>5,263</b>	<b>6,775</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities <sup>(1)</sup>		50	50
Credit Cards / Purchase Cards		20	20
<b>Total Financing Arrangements</b>		<b>70</b>	<b>70</b>
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		1	4
<b>Total Financing Arrangements Utilised</b>		<b>1</b>	<b>4</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

## (ii) Secured Loan Liabilities

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

## Note 12. Commitments for Expenditure

## (a) Capital Commitments (exclusive of GST)

Nil

## (b) Finance Lease Commitments

Nil

## (c) Operating Lease Commitments (Non Cancellable)

Nil

## (d) Investment Property Commitments

Nil



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. Capital Grants & Contributions) - Operating Expenses	<u>(2,318)</u>	-18.42%	-11.39%	-8.89%
Total continuing operating revenue <sup>(1)</sup>	<u>12,583</u>			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(less ALL Grants & Contributions)	<u>10,507</u>	70.40%	63.76%	65.40%
Total continuing operating revenue <sup>(1)</sup>	<u>14,924</u>			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>7,322</u>	4.13 : 1	7.80	4.77
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>1,774</u>			
4. Debt Service Cover Ratio				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>2,572</u>	8.84	13.13	13.68
Principal Repayments (from the Statement of Cash Flows)	<u>291</u>			
+ Borrowing Interest Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>372</u>	4.50%	5.57%	7.68%
Rates, Annual and Extra Charges Collectible	<u>8,271</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>13,181</u>	14.99	11.61	8.03
Payments from cash flow of operating and financing activities	<u>879</u>			

## Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements,  
net gain/(loss) on sale of assets and net share of interests in joint ventures.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

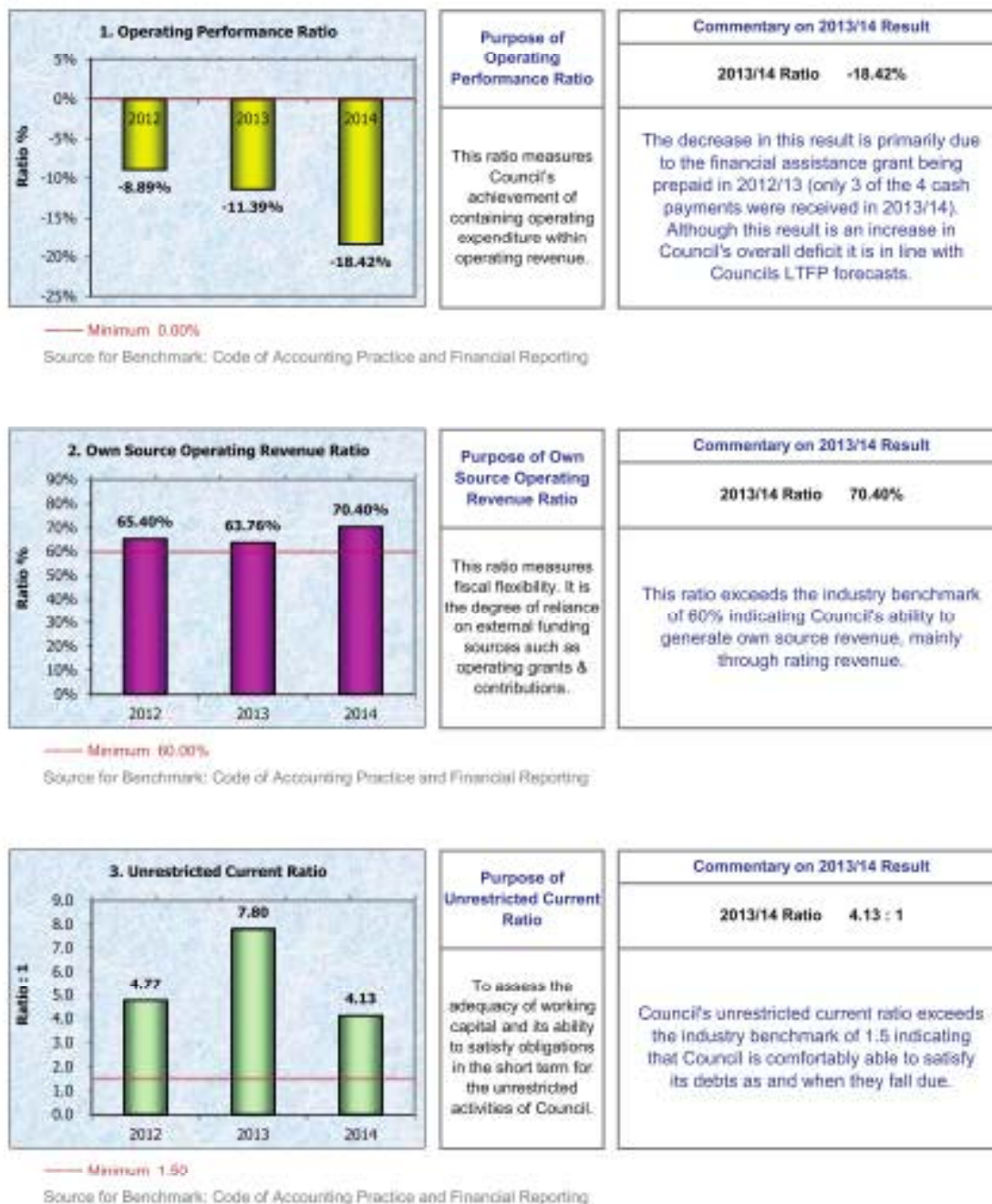
<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

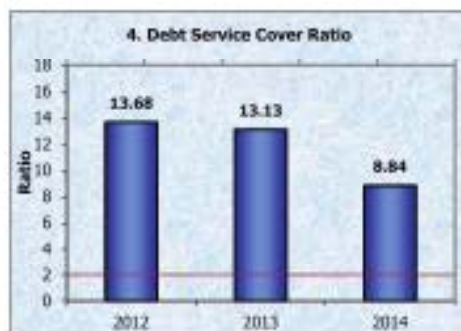
## Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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



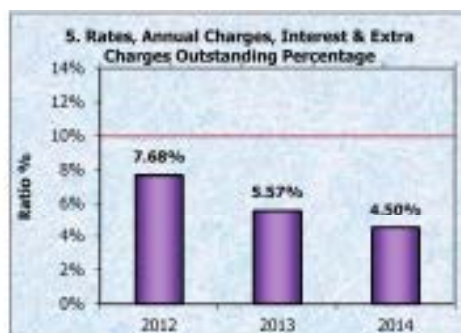
Source for Benchmark: NSW Treasury Corporation

**Purpose of Debt Service Cover Ratio**

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**Commentary on 2013/14 Result****2013/14 Ratio 8.84**

Debt Service Cover Ratio indicates that Council has sufficient operating cash to service its debts.



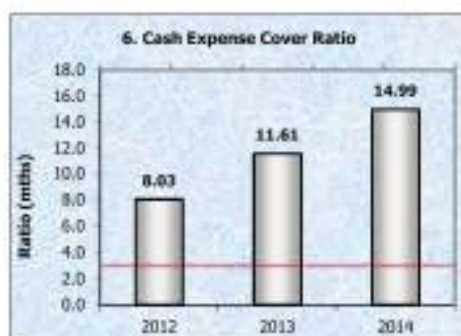
Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

**Purpose of Rates & Annual Charges Outstanding Ratio**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**Commentary on 2013/14 Result****2013/14 Ratio 4.50%**

Council's result for 2013/14 is a significant improvement to the previous year. Council staff will continue to maintain its recovery efforts throughout 2014/15 in an attempt to reduce outstanding rates and charges even further.



Source for Benchmark: Code of Accounting Practice and Financial Reporting

**Purpose of Cash Expense Cover Ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**Commentary on Result****2013/14 Ratio 14.99**

This ratio is well above industry benchmarks indicating that Council has sufficient liquidity to mitigate any unforeseen future events.



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000		Sewer 2014	General <sup>5</sup> 2014
Local Government Industry Indicators - by Fund			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>		<b>21.88%</b>	<b>-24.43%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period:	1.61%	-12.79%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>		<b>95.90%</b>	<b>67.17%</b>
(less ALL Grants & Contributions)			
Total continuing operating revenue <sup>(1)</sup>	prior period:	97.95%	60.49%
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(2)</sup></u>		<b>66.72 : 1</b>	<b>4.13 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
	prior period:	55.43	7.80
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)		<b>7.75</b>	<b>9.59</b>
Principal Repayments (from the Statement of Cash Flows)			
+ Borrowing Interest Costs (from the Income Statement)	prior period:	5.03	20.24
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>		<b>7.79%</b>	<b>4.01%</b>
Rates, Annual and Extra Charges Collectible			
	prior period:	8.16%	5.22%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits	x12	<b>0.00</b>	<b>13.95</b>
Payments from cash flow of operating and financing activities			
	prior period:	0.00	8.75

## Notes

(1) - (14) Refer to Notes at Note 13a(i) above.

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



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### 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	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,181	4,144	2,181	4,144
Investments				
- "Held to Maturity"	-	233	-	233
- "Loans & Receivables"	11,000	7,000	11,000	7,000
Receivables	804	703	786	703
<b>Total Financial Assets</b>	<b>13,985</b>	<b>12,080</b>	<b>13,967</b>	<b>12,080</b>
<b>Financial Liabilities</b>				
Payables	965	640	965	640
Loans / Advances	2,689	1,808	2,689	1,808
<b>Total Financial Liabilities</b>	<b>3,654</b>	<b>2,448</b>	<b>3,654</b>	<b>2,448</b>

Fair Value is determined as follows:

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

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

page 54

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

- **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.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 10% movement in Market Values	50	50	(50)	(50)
Possible impact of a 1% movement in Interest Rates	132	132	(132)	(132)
<b>2013</b>				
Possible impact of a 10% movement in Market Values	64	64	(64)	(64)
Possible impact of a 1% movement in Interest Rates	114	114	(114)	(114)

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	33%	0%	23%
Overdue	100%	67%	100%	77%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

## (ii) Ageing of Receivables - value

Current (not yet overdue)	-	205	1	110
Past due by up to 30 days	80	122	88	107
Past due between 31 and 60 days	43	18	48	42
Past due between 61 and 90 days	64	16	70	19
Past due by more than 90 days	146	251	161	200
	<u>333</u>	<u>612</u>	<u>368</u>	<u>478</u>

(iii) Movement in Provision for Impairment  
of Receivables

	2014	2013
Balance at the beginning of the year	143	143
- amounts already provided for & written off this year	(2)	
Balance at the end of the year	<u>141</u>	<u>143</u>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; 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 maturity table below:

\$ '000	Subject to no maturity	≤ 1 Year	1-2 Yrs	payable in:				Total Cash Outflows	Actual Carrying Values
				2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Trade/Other Payables	184	781	-	-	-	-	-	965	965
Loans & Advances	-	354	354	354	354	354	2,049	3,819	2,689
<b>Total Financial Liabilities</b>	<b>184</b>	<b>1,135</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>354</b>	<b>2,049</b>	<b>4,784</b>	<b>3,654</b>
<b>2013</b>									
Trade/Other Payables	165	475	-	-	-	-	-	640	640
Loans & Advances	-	222	222	222	222	222	1,646	2,756	1,808
<b>Total Financial Liabilities</b>	<b>165</b>	<b>697</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>1,646</b>	<b>3,396</b>	<b>2,448</b>

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	965	0.0%	640	0.0%
Loans & Advances - Fixed Interest Rate	2,689	6.4%	1,808	6.7%
	<u>3,654</u>		<u>2,448</u>	



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 23 June 2014.

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	2014 Budget	2014 Actual	2014 Variance*		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	7,836	7,796	(40)	(1%)	<b>U</b>
<b>User Charges &amp; Fees</b>	996	2,018	1,022	103%	<b>F</b>
Council was awarded various contracts by the Roads and Maritime Services throughout the year which has resulted in a substantial increase in User Charges and Fees for 2013/14. Council also received backdated pipeline lease income that was not budgeted for at the start of the year.					
<b>Interest &amp; Investment Revenue</b>	426	480	54	13%	<b>F</b>
Interest and Investment Revenues are higher than original budgets due to the significant increase in our cash and investment position.					
<b>Other Revenues</b>	272	213	(59)	(22%)	<b>U</b>
Other Revenue is lower than budgeted due to quarry revenues budget inadvertently being coded to other revenues (now coded as user charges and fees).					
<b>Operating Grants &amp; Contributions</b>	2,902	2,076	(826)	(28%)	<b>U</b>
Operating grants are lower than budget due to the Financial Assistance Grant prepayment in 2013.					
<b>Capital Grants &amp; Contributions</b>	800	2,341	1,541	193%	<b>F</b>
Council was awarded various unexpected capital grants for road works throughout the year.					
<b>Net Gains from Disposal of Assets</b>	-	283	283	0%	<b>F</b>
Council's CDO matured during the year resulting in a net gain on sale.					

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 Variance*		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	5,361	4,920	441	8%	F
Borrowing Costs	204	172	32	16%	F
Unbudgeted amortisation of tips and quarries.					
Materials & Contracts	2,879	3,026	(147)	(5%)	U
Depreciation & Amortisation	4,556	4,718	(162)	(4%)	U
Other Expenses	1,485	2,065	(580)	(39%)	U
Other expenses were higher than budgeted for multiple reasons. The larger of these items include higher than anticipated water charges (due to a dry summer) and contributions to other organisations mainly the Library and Rural Fire Service.					

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

Cash Flows from Operating Activities	3,415	5,263	1,848	54.1%	F
As per above Council was awarded various unexpected capital grants for road works throughout the year.					
Cash Flows from Investing Activities	(5,434)	(8,107)	(2,673)	49.2%	U
As per above Interest and Investment Revenues are higher than original budgets due to the significant increase in Council's Cash and Investment position.					
Cash Flows from Financing Activities	686	881	195	28.4%	F
Cash Flows from Financing Activities are higher due to a delay in borrowings received of \$1,000,000 budgeted for in the 2012/13 year. As a result it was determined that a loan for \$876,000 in 2013/14 was no longer required.					

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## 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 &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exo still outstanding	Over or (under) Funding	
Roads	390	-	-	-	-	(390)	-	-	-	-	-
Open Space	39	-	-	-	-	(39)	-	-	-	-	-
Community Facilities	89	-	-	-	-	(89)	-	-	-	-	-
Local Infrastructure Fund	-	23	-	34	-	534	591	62	(653)	-	-
Other	17	-	-	-	-	(17)	-	-	-	-	-
<b>S94 Contributions - under a Plan</b>	<b>535</b>	<b>23</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>(1)</b>	<b>591</b>	<b>62</b>	<b>(653)</b>	<b>-</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>535</b>	<b>23</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>(1)</b>	<b>591</b>				
S84 Contributions	657	13	-	44	-	-	714	-	714	-	-
<b>Total Contributions</b>	<b>1,192</b>	<b>36</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>(1)</b>	<b>1,305</b>	<b>62</b>	<b>(653)</b>	<b>-</b>	<b>-</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN NUMBER BSC1 - Roads Rural

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Roads	156	-	-	-	-	(156)	0	-	-	0	-
<b>Total</b>	<b>156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(156)</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>

## CONTRIBUTION PLAN NUMBER BSC 2 - Streets Blayney

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Roads	106	-	-	-	-	(106)	0	-	-	0	-
<b>Total</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(106)</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>

## CONTRIBUTION PLAN NUMBER BSC 3 - Streets Villages

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Roads	118	-	-	-	-	(118)	(0)	-	-	(0)	-
<b>Total</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(118)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>-</b>

## CONTRIBUTION PLAN NUMBER BSC 7 - Open Space

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Open Space	39	-	-	-	-	(39)	-	-	-	-	-
<b>Total</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN NUMBER BSC 9 - William Street, Millthorpe

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Roads	9	-	-	-	-	(9)	-	-	-	-	-
<b>Total</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## CONTRIBUTION PLAN NUMBER BSC 8 - Bushfire

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Other	17	-	-	-	-	(17)	-	-	-	-	-
<b>Total</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## CONTRIBUTION PLAN NUMBER BSC 10 - Community Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Community Facilities	89	-	-	-	-	(89)	-	-	-	-	-
<b>Total</b>	<b>89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(89)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## CONTRIBUTION PLAN NUMBER - Local Infrastructure Fund

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Transfers to other funds (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (under) Funding	
Local Infrastructure Fund	-	23	-	34	-	534	591	62	(653)	-	-
<b>Total</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>534</b>	<b>591</b>	<b>62</b>	<b>(653)</b>	<b>-</b>	<b>-</b>

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### 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 Actuary has estimated that as at 30 June 2014 a deficit still exists. Effective from 1 July 2009, employers were required to contribute additional contributions to assist in extinguishing this deficit. The share of this deficit that can be broadly attributed to Council was estimated to be in the order of \$321,680 as at 30 June 2014.

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.

##### (iii) 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.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000

## LIABILITIES NOT RECOGNISED (continued):

## 2. Other Liabilities

## (i) Third Party Claims

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

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

## (ii) S94 Plans

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

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

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

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

## (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

## (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council (continued)

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

## 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.

Council's Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

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

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

page 64



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		60,583	60,277
a. Correction of Prior Period Errors	20 (c)	-	221
b. Net Operating Result for the Year		306	85
<b>Balance at End of the Reporting Period</b>		<b>60,889</b>	<b>60,583</b>

**(b) Reserves****(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	133,199	132,671
<b>Total</b>	<b>133,199</b>	<b>132,671</b>

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

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		132,671	130,137
- Revaluations for the year	9(a)	528	2,558
- (Impairment of revalued assets) / Impairment reversals	9(a), (c)	-	(24)
<b>- Balance at End of Year</b>		<b>133,199</b>	<b>132,671</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>133,199</b>	<b>132,671</b>

**(iii) Nature & Purpose of Reserves**

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

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

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

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

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



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

Income Statement by Fund \$ '000	Actual 2014	Actual 2014
<b>Continuing Operations</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>		
Rates & Annual Charges	1,066	6,730
User Charges & Fees	126	1,892
Interest & Investment Revenue	192	288
Other Revenues	8	205
Grants & Contributions provided for Operating Purposes	16	2,060
Grants & Contributions provided for Capital Purposes	50	2,291
<b>Other Income</b>		
Net Gains from Disposal of Assets	224	59
Share of interests in Joint Ventures & Associates using the Equity Method	-	-
<b>Total Income from Continuing Operations</b>	<b>1,682</b>	<b>13,525</b>
<b>Expenses from Continuing Operations</b>		
Employee Benefits & on-costs	115	4,805
Borrowing Costs	72	100
Materials & Contracts	495	2,531
Depreciation & Amortisation	493	4,225
Impairment	-	-
Other Expenses	100	1,965
<b>Total Expenses from Continuing Operations</b>	<b>1,275</b>	<b>13,626</b>
<b>Operating Result from Continuing Operations</b>	<b>407</b>	<b>(101)</b>
<b>Discontinued Operations</b>		
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>407</b>	<b>(101)</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>407</b>	<b>(101)</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>357</b>	<b>(2,392)</b>

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

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

Financial Statements 2014

## Blayney Shire Council

Notes to the Financial Statements  
as at 30 June 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014
<b>ASSETS</b>	<b>Sewer</b>	<b>General<sup>†</sup></b>
<b>Current Assets</b>		
Cash & Cash Equivalents	916	1,265
Investments	3,500	7,500
Receivables	305	689
Inventories	-	768
Other	-	18
Non-current assets classified as 'held for sale'	-	-
<b>Total Current Assets</b>	<b>4,721</b>	<b>10,240</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	236	31
Inventories	-	-
Infrastructure, Property, Plant & Equipment	20,021	164,644
Investments Accounted for using the equity method	-	-
Investment Property	-	-
Intangible Assets	-	281
<b>Total Non-Current Assets</b>	<b>20,257</b>	<b>164,956</b>
<b>TOTAL ASSETS</b>	<b>24,978</b>	<b>175,196</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	13	1,172
Borrowings	47	136
Provisions	-	1,812
<b>Total Current Liabilities</b>	<b>60</b>	<b>3,120</b>
<b>Non-Current Liabilities</b>		
Payables	-	348
Borrowings	880	1,628
Provisions	-	52
<b>Total Non-Current Liabilities</b>	<b>880</b>	<b>2,026</b>
<b>TOTAL LIABILITIES</b>	<b>940</b>	<b>5,146</b>
<b>Net Assets</b>	<b>24,038</b>	<b>170,050</b>
<b>EQUITY</b>		
Retained Earnings	9,350	51,539
Revaluation Reserves	14,688	118,511
<b>Total Equity</b>	<b>24,038</b>	<b>170,050</b>

<sup>†</sup> General Fund refers to all Council's activities other than Water, Sewer & Other

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

page 67

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### 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 Date

---

Events that occur between the end of the reporting period (ending 30 June 2014) 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 13/10/14.

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 2014.

##### (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 2014 and which are only indicative of conditions that arose after 30 June 2014.

**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".

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 25. Intangible Assets

\$ '000	Actual 2014	Actual 2013
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows:		
<b>Opening Values:</b>		
Gross Book Value (1/7)	281	-
Accumulated Amortisation (1/7)	(18)	-
Accumulated Impairment (1/7)	-	-
<b>Net Book Value - Opening Balance</b>	<b>263</b>	<b>-</b>
<b>Movements for the year</b>		
- Purchases	81	128
- Other Capitalised Costs - transfer from Note 9(a)	-	153
- Amortisation charges	(63)	(18)
<b>Closing Values:</b>		
Gross Book Value (30/6)	362	281
Accumulated Amortisation (30/6)	(81)	(18)
Accumulated Impairment (30/6)	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE <sup>1</sup></u></b>	<b><u>281</u></b>	<b><u>263</u></b>

<sup>1</sup> The Net Book Value of Intangible Assets represent:

- Software	281	263
	<b><u>281</u></b>	<b><u>263</u></b>



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 26. Reinstatement, Rehabilitation &amp; 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	
		2014	2013
Blayney Tip	2024	402	379
Blayney Quarry	2024	67	63
<b>Balance at End of the Reporting Period</b>	10(a)	<b>469</b>	<b>442</b>

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

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

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

## Reconciliation of movement in Provision for year:

Balance at beginning of year	442	417
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	27	25
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>469</b>	<b>442</b>

## Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

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

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkt	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
Loans and Receivables	30/06/14	-	11,000	-	11,000
Cash and Short Term Deposits	30/06/14	-	2,181	-	2,181
Total Financial Assets		-	13,181	-	13,181
Financial Liabilities					
Payables	30/06/14	-	965	-	965
Loans / Advances	30/06/14	-	2,689	-	2,689
Total Financial Liabilities		-	3,654	-	3,654
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	-	2,672	2,672
Office Equipment	30/06/14	-	-	149	149
Furniture and Fittings	30/06/14	-	-	115	115
Operational Land	30/06/13	-	-	1,467	1,467
Community Land	30/06/11	-	-	4,122	4,122
Depreciable Land Improvements	30/06/11	-	-	3,555	3,555
Buildings - Specialised	30/06/13	-	-	10,195	10,195
Buildings - Non Specialised	30/06/13	-	-	2,171	2,171
Open Space/Recreation Assets	30/06/11	-	-	1,565	1,565
Roads	30/06/10	-	-	106,529	106,529
Bridges	30/06/10	-	-	15,356	15,356
Footpaths	30/06/10	-	-	2,488	2,488
(continued on the next page...)					

(continued on the next page...)

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured &amp; recognised at fair values (continued):

		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkt	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements (cont'd)					
Infrastructure, Property, Plant & Equipment (cont'd)					
Bulk Earthworks	30/06/10	-	-	10,466	10,466
Stormwater	30/06/10	-	-	4,281	4,281
Sewerage Network	30/06/12	-	-	19,404	19,404
Tip Assets	30/06/14	-	-	112	112
Quarry Assets	30/06/14	-	-	18	18
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>184,665</b>	<b>184,665</b>

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

##### Financial Assets

##### **Held to Maturity** – Term deposits valued at fair value

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Original investment value

##### **Cash and Short Term Deposits** – Cash and short term deposits valued at fair value

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Original investment value

##### Financial Liabilities

##### **Payables** – Outstanding creditor payments, security bonds & deposits

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Cost of product or service.



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

##### Loans/Advances – Outstanding bank loans

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Loan borrowing amount

##### Infrastructure, Property, Plant & Equipment

**Plant and Equipment** – Major plant (graders, loaders trucks etc.), fleet vehicles (cars, utes etc.) and minor plant (chainsaws, mowers etc.)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment are valued at cost but are disclosed at fair value.

##### Office Equipment – Computers, servers

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Office Equipment is valued at cost but is disclosed at fair value.

##### Furniture and Fittings – Desks, chairs, air conditioners, cupboards

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Furniture and Fittings are valued at cost but are disclosed at fair value.

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

**Operational Land** – Industrial land, quarries, residential aged care units

Valuation Techniques: 'Market approach'

Inputs Used (Level 3): Land area, rate per square metre, zoning restrictions, geographical location, sales of comparable land

Councils Operational Land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

With regard to the above Councils Valuer Scott Fullarton Valuations P/L analysed sales of land throughout Blayney Shire and surrounding Council areas and adopted a rate per square metre, after taking into consideration zoning, location, area and configuration.

**Community Land** – Parkland, sporting grounds, reserves, land under public buildings (halls & community centres)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): The NSW Valuer General's valuations (as at 30 June 2011)

Councils community land is land intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, or dedication under section 94 of the Environmental Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it.

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

In relation to the valuing of Community Land the Office of Local Government has authorised the use of the NSW Valuer General's valuations as a sufficient basis to represent fair value for the revaluation of community land under clause 31 of AASB 116.

#### Depreciable Land Improvements – Gardens/soffail areas, cricket pitches and recreation ground pathways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, units rates

Depreciable Land Improvements were valued as at 30 June 2011. Valuations are based on unit rates derived from historical costs and from industry rates such as the 'Australian Construction Handbook 2014 - Rawlinson's'. Council officers undertook a rigorous onsite inspection program to establish condition ratings used in calculating the remaining life and replacement cost of each asset. By using a spatial information program and satellite imagery Officers were able to accurately calculate asset lengths and dimensions and apply these to the established condition data.

#### Buildings (Specialised/Non Specialised) – Community halls, toilet blocks, council offices, library, multipurpose centre, works depot

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Council's buildings were valued at fair value on 30<sup>th</sup> June 2012 in accordance with Compiled Accounting Standard AASB116 Property, Plant and Equipment, the guidance contained in the NSW Treasury Accounting Policy tpp 07-1 and the NSW Department of Local Government Guidelines. 'Fair value' is the best estimate of the price reasonably obtainable in the market at the date of valuation. As defined in AASB 116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction"

Councils Specialised Buildings were valued by Scott Fullerton Valuation (SFV) P/L as at 30 June 2013. SFV provided a valuation for each building based on applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. These rates were derived from substantial analysis of construction costs from over one hundred and twenty (120) Councils throughout New South Wales.

SFV estimated the Total Life and Residual Life of each building's structure and, where the building is considered a complex asset, for each component, as they have useful lives different from those of the non-current assets to which they relate. In regard to componentisation, Paragraph 43 of AASB116 requires each part of the

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

asset with a cost that is **significant** in relation to the asset be depreciated separately (structure, internal finishes, electrical services, mechanical services, fire/security and roof).

#### Open Space/Recreational Assets – Fencing, shadesails, other recreational furniture

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Council used in-house resources to provide a valuation for each asset applying a rate based on historical cost. Condition data was then considered to provide a valuation taking into account consumption patterns, dimensions and other specifications.

#### Roads – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Councils road infrastructure assets were last valued in-house on 30 June 2010. As per Paragraph 43 of AASB116, Councils roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

- Road Surface
- Pavement
- Formation & Major Earthworks
- Kerb and Gutter
- Culverts

#### Roads – Sealed and Unsealed

GPS logged to establish the length and extent of the network. Road terminuses (extent of Council maintenance activities) were taken as the measure of BSC asset length. Seal widths (sealed roads) were taken from full condition assessment (undertaken by Costes Civil Consulting and BSC staff in 2008).



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

The pavement width was assumed to be an additional 1m on each side of the Seal (e.g. Seal of 6 m is assumed to have an 8m wide pavement). This was confirmed by random sampling of a range of roads categories across the Shire.

Unit rates for formation, pavement and sealing were based on the Rawlinson's: Construction Cost Guide 2010, Edition 18. These rates were verified against recent actual rates from BSC road works. Unit rates are assumed to be for an undulating topography, as this represents the majority of road corridors in the Shire. The slightly steeper grades are assumed to be countered by the substantially longer corridors of flat to slightly undulating topography.

Formation widths for sealed roads were established by random sampling in the field and from aerial imagery analysis of a range of road types and were demonstrated to be double the width of the pavement.

Condition Assessment data was substituted for date of construction data to establish remaining lives. This was in part due to BSC not having complete road construction / rehabilitation / initial sealing data.

#### Culverts

The categories used to group culverts (by size) were determined as part of the development of the 'Wellington, Blayney, Cabonne and Central Tablelands Water Strategic Alliance (WBC Alliance) Joint Transport Asset Management Plan'. Culverts of 450mm or less have not been valued separately due to their cost (purchase price and installation cost) and have been allowed for in the cubic metre rate for road formation.

Major Culverts do not include Bridge size (6m+) culverts, as these were valued in the Bridge Register. Of the remaining major culverts, these were divided into 2 categories: known and estimated. Known culverts were valued at replacement cost (from Rawlinsons) and of the remaining culverts, an estimate based on percentage of Major Culverts as a percentage of all known culverts was applied to the count of culverts (identified in the BSC Rural Addressing exercise from 1995).

An average size (650mm), length (9.6m) and an average condition rating (2) were then applied to these culverts to provide for a valuation, based on Rawlinsons rates. These average sizes were confirmed by inspections of known culverts.

#### Kerb and Gutter

Asset register was developed using a combination of 10cm Aerial imagery for Blayney and Millthorpe and 50cm Aerial imagery for the other Villages. This data was verified with an inspection program to determine the accuracy and materials used. The bulk of BSC's Kerb and Gutter network is concrete ('high back' or 'roll

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

back'), however some Kerb and Gutter is constructed from Bluestone or River Stone. Condition assessment for Kerb and Gutter was assumed to be an average of 2; as the vast majority of Council's Kerb and Gutter is in satisfactory condition, in that it is still able to function.

Unit Rates were established on 'First Principles' and verified against a tender that BSC had recently submitted for Kerb and Gutter works. While the majority of recently constructed Kerb and Gutter (in Millthorpe) has included an 'oxide' (to better match the existing Bluestone), the rate adopted for all concrete Kerb and Gutter was based on the rate for 'plain' concrete. Unit rates for the Bluestone and River Stone Kerbs and Gutters was also established on 'First Principles', but is substantially higher than for concrete, due to the increasing difficulty in sourcing Bluestone Blocks.

Unit rates for Kerb and Gutter are all based on 'Greenfields' costs and do not include any allowance of the removal of existing failed sections.

#### **Bridges** – (excluding culverts under 6 metres in length)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimension and specifications (concrete/timber), bridge traffic

Council's bridge infrastructure assets were last valued on 30 June 2010.

Condition assessment for bridges was provided by in-house resources and was at the 'level 1' inspection regime, which is based on observed defects, but does not include core sampling or tensile testing of any components.

Bridge values were determined on the basis of a square metre (of deck) rate, as per the Rawlinson's; Construction Cost Guide 2010, Edition 18. This was in part because council does not possess sufficient detail on the individual components of individual bridges, or their respective conditions.

The Rawlinson's rates were used to validate the rates calculated from the last three bridges that council has replaced in recent years. The unit rate calculated for these bridges was CPI adjusted (using the Reserve Bank of Australia Inflation Calculator) to represent 2010 dollars.

#### **Footpaths** – Footways including cycleways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications (concrete/bitumen)

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

Footpaths assets were valued in-house as at 30 June 2010. Aerial imagery was used to calculate the length of Councils footpath/cycleway network combined with an extensive inspection program. In-house unit rates were developed using recent construction data providing a square metre rate which was then applied across the network. Condition data (captured through the inspection program) was then applied to each individual asset segment to provide a written down value.

##### **Stormwater Drainage** – includes pits, pipes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

##### Stormwater Drainage

Register was developed using a combination of field observation and aerial imagery (for Blayney and Millthorpe). The level of capture is estimated to be around 85% to 95%, as by its nature Urban Stormwater drainage is difficult to locate and BSC does not have complete records of drainage installed.

Unit Rates for stormwater pits, pipes etc. were taken from Ministry of Energy and Utilities' *NSW reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. As with Kerb and Gutter, these rates do not take into account any allowance for the removal of existing (failed) stormwater assets.

##### **Sewerage Network** – Sewer pipes, pump stations, treatment plant, telemetry system, manholes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Councils Sewer Network was valued by CPE Associates as at 30 June 2012. The valuation was based on the NSW Office of Water's *NSW Reference Rates Tables* issued in July 2012, a supplement to the former Ministry of Energy and Utilities' 2003 document *NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. Valuations in the updated tables are for June 2012.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.



## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

CPEa conducted a field survey, involving a physical inspection of the ground-level facility assets in the system such as treatment plants, pumping stations and effluent reuse reservoir.

The object of the survey was to uncover any evidence that will challenge the default useful life for that asset class such as corrosion (or lack of), obvious mechanical/electrical defects or structural damage. Field survey sheets were completed and a photographic record also was made.

Surveys were conducted in Blayney only. The sample size of 4,811m represents 11.1% of the length of sewers within Blayney and the Industrial area, and 9.1% of the entire gravity sewerage network for the Shire. 90 AC sewers were inspected.

Unit rates were then applied across the network. Condition data was then applied to each individual asset to provide a written down value.

#### Tip and Quarry Assets – Reinstatement, rehabilitation and restoration

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry sites. Closure of the landfill and quarry sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuation are based on actual timing of costs and future environmental management requirements.

#### Discontinued Operations

N/A



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (Level 3)

## a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Operational Land	Community Land	Depreci-able Land Improvements	Buildings - Specialised	Total
Adoption of AASB 13	1,467	4,122	3,938	10,732	20,259
Depreciation & Impairment	-	-	(383)	(537)	(920)
<b>Closing Balance - 30/6/14</b>	<b>1,467</b>	<b>4,122</b>	<b>3,555</b>	<b>10,195</b>	<b>19,339</b>

	Buildings - Non Specialised	Open Space / Recreation Assets	Roads	Bridges	Total
Adoption of AASB 13	2,102	1,647	107,081	13,829	124,659
Purchases (GBV)	184	-	1,352	1,787	3,323
Depreciation & Impairment	(115)	(82)	(1,904)	(260)	(2,361)
<b>Closing Balance - 30/6/14</b>	<b>2,171</b>	<b>1,565</b>	<b>106,529</b>	<b>15,356</b>	<b>125,621</b>

	Footpaths	Bulk Earthworks	Stormwa-ter	Sewerage Network	Total
Adoption of AASB 13	2,415	10,466	4,084	19,217	36,182
Purchases (GBV)	124	-	254	122	500
Depreciation & Impairment	(51)	-	(57)	(463)	(571)
FV Gains - Other Comprehensive Income	-	-	-	528	528
<b>Closing Balance - 30/6/14</b>	<b>2,488</b>	<b>10,466</b>	<b>4,281</b>	<b>19,404</b>	<b>36,639</b>

	Plant & Equipment	Office Equipment	Furniture & Fittings	Tip & Quarry	Total
Adoption of AASB 13	2,700	173	55	145	3,073
Purchases (GBV)	683	37	83	-	803
Disposals (WDV)	(7)	-	-	-	(7)
Depreciation & Impairment	(704)	(61)	(23)	(15)	(803)
<b>Closing Balance - 30/6/14</b>	<b>2,672</b>	<b>149</b>	<b>115</b>	<b>130</b>	<b>3,066</b>

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

## (4). Fair value measurements using significant unobservable inputs (Level 3)

## b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

## I, PP&amp;E

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (and probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	\$2,672	Cost Approach	<ul style="list-style-type: none"> <li>Gross Replacement Cost</li> <li>Remaining Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>Various</li> <li>5 to 15 years</li> </ul>	Any changes in the gross replacement value or pattern of consumption will have an impact on fair value.
Office Equipment	\$149	Cost Approach	<ul style="list-style-type: none"> <li>Gross Replacement Cost</li> <li>Remaining Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>Various</li> <li>4 to 10 years</li> </ul>	Any changes in the gross replacement value or pattern of consumption will have an impact on fair value.
Furniture & Fittings	\$115	Cost Approach	<ul style="list-style-type: none"> <li>Gross Replacement Cost</li> <li>Remaining Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>Various</li> <li>10 to 20 years</li> </ul>	Any changes in the gross replacement value or pattern of consumption will have an impact on fair value.
Operational Land	\$1,467	Market Approach	<ul style="list-style-type: none"> <li>Price per square metre</li> </ul>	<ul style="list-style-type: none"> <li>\$1 - \$90 per sq. metre</li> </ul>	Changes in land zoning restrictions can have significant impacts on land values per sq. metre. Changes in comparable land sales and availability of land can also have a significant impact.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (and probable)	Relationship of unobservable inputs to Fair Value
Community Land	\$4,122	Cost Approach	<ul style="list-style-type: none"> <li>NSW Valuer General's Valuation (Unimproved Capital Value)</li> </ul>	<ul style="list-style-type: none"> <li>Per Valuer General</li> </ul>	Any change in the average unimproved capital value will increase/decrease fair value.
Depreciable Land Improvements	\$3,555	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful life</li> </ul>	<ul style="list-style-type: none"> <li>\$2 - \$840 per sq. metre</li> <li>Excellent (1) to Poor (5)</li> <li>10 to 100 years</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Buildings – Specialised	\$10,195	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> <li>Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>\$170 - \$148,000</li> <li>New (0) to Failed (10)</li> <li>20 to 60 years</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Buildings – Non Specialised	\$2,171	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> <li>Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>\$220 - \$2,100</li> <li>New (0) to Failed (10)</li> <li>20 to 60 years</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Open Space/Recreation Assets	\$1,565	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> <li>Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>\$224 - \$25,751</li> <li>Excellent (1) to Poor (5)</li> <li>10 to 100 years</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (and probable)	Relationship of unobservable inputs to Fair Value
Roads	\$106,529	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> <li>Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>\$8 - \$32 per sq. metre (roads)</li> <li>\$88 - \$1,960 (kerb and gutter)</li> <li>\$4,926 - \$12,779 per lineal metre (culverts)</li> <li>Excellent (1) to Poor (5)</li> <li>20 to 200 years (roads)</li> <li>80 to 150 years (kerb &amp; gutter)</li> <li>80 years (culverts)</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Bridges	\$15,356	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> <li>Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>\$3,250 per sq. metre</li> <li>Excellent (1) to Poor (5)</li> <li>80 years</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Footpaths	\$2,488	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> <li>Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>\$101 - \$235 per lineal metre</li> <li>Excellent (1) to Poor (5)</li> <li>80 years</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.



## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (and probable)	Relationship of unobservable inputs to Fair Value
Bulk Earthworks	\$10,466	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> </ul>	<ul style="list-style-type: none"> <li>\$15 - \$72 per cubic metre</li> <li>Excellent (1) to Poor (5)</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Stormwater Drainage	\$4,281	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Conditions</li> <li>Useful Life</li> </ul>	<ul style="list-style-type: none"> <li>\$134 - \$1,960 per lineal metre</li> <li>Excellent (1) to Poor (5)</li> <li>80 to 100 years</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Sewerage Network	\$19,404	Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Useful Life</li> <li>Residual Life</li> <li>Asset Conditions</li> </ul>	<ul style="list-style-type: none"> <li>Various</li> <li>16 to 100 years (mean)</li> <li>11 to 77 years</li> <li>Very Poor (5) to Very Good (1)</li> </ul>	Any change in the component pricing and asset condition will have an impact on fair value.
Tips and Quarries	\$130	Cost Approach	<ul style="list-style-type: none"> <li>Discounted Future Cash Flow</li> </ul>	<ul style="list-style-type: none"> <li>6%</li> </ul>	Any changes in the future cost estimates and discount rate will have an impact on fair value.

c. The Valuation Process for Level 3 Fair Value Measurements - Refer to above.

## (5). Highest and best use

All of Council's non financial assets are considered to be utilised at their highest and best use.

## Blayney Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 28. Financial Review

\$ '000

## Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2014	2013	2012	2011	2010
<b>Inflows:</b>					
Rates & Annual Charges Revenue	7,796	7,457	5,640	5,292	5,012
User Charges Revenue	2,018	1,425	3,232	1,354	1,646
Interest & Investment Revenue (Losses)	480	482	513	480	340
Grants Income - Operating & Capital	2,946	4,932	4,417	3,055	2,724
Total Income from Continuing Operations	15,207	15,042	14,642	11,104	11,063
Sale Proceeds from I,PP&E	162	283	190	455	565
New Loan Borrowings & Advances	1,000	-	-	-	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	4,920	4,951	4,821	4,460	4,340
Borrowing Costs	172	155	161	164	169
Materials & Contracts Expenses	3,026	3,357	3,898	2,293	2,508
Total Expenses from Continuing Operations	14,901	14,957	15,178	12,370	10,995
Total Cash purchases of I,PP&E	4,708	2,947	4,046	1,524	2,296
Total Loan Repayments (incl. Finance Leases)	119	93	85	80	123
Operating Surplus/(Deficit) (excl. Capital Income)	(2,035)	(1,551)	(1,301)	(1,699)	(692)
<b>Financial Position Figures</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current Assets	14,739	13,068	11,090	10,275	8,440
Current Liabilities	2,958	1,972	2,372	2,007	2,107
Net Current Assets	11,781	11,096	8,718	8,268	6,333
Available Working Capital (Unrestricted Net Current Assets)	(360)	475	865	713	787
Cash & Investments - Unrestricted	-	3	2	18	2
Cash & Investments - Internal Restrictions	6,306	6,530	3,623	3,377	2,519
Cash & Investments - Total	13,181	11,377	7,335	8,235	6,895
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	2,689	1,808	1,901	1,986	2,066
Total Value of I,PP&E (excl. Land & Earthworks)	246,570	241,427	238,449	230,585	222,181
Total Accumulated Depreciation	77,960	73,309	68,559	66,936	60,949
Indicative Remaining Useful Life (as a % of GBV)	68%	70%	71%	71%	73%

Source: Published audited financial statements of Council (current year &amp; prior year)

page 87

## Blayney Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 29. Council Information & Contact Details

---

**Principal Place of Business:**

91 Adelaide Street  
Blayney NSW 2799

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

PO Box 62  
Blayney NSW 2799

**Opening Hours:**

9am to 4:30pm  
Monday to Friday

**Telephone:** 02 6368 2104

**Facsimile:** 02 6368 3290

**Internet:** [www.blayney.nsw.gov.au](http://www.blayney.nsw.gov.au)

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

**Officers****GENERAL MANAGER**

Alan McCormack

**RESPONSIBLE ACCOUNTING OFFICER**

C M Hodge

**PUBLIC OFFICER**

Anton Franze

**AUDITORS**

Intertus Chartered Accountants

**Elected Members****MAYOR**

S J Ferguson

**COUNCILLORS**

Kevin Radburn

David Kingham

Geoff Braddon

Allan Ewin

Shane Qates

David Somerville

**Other Information**

**ABN:** 47 619 651 511



**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL  
ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF  
BLAYNEY SHIRE COUNCIL**

**Report on the Financial Statements**

We have audited the accompanying general purpose financial statements of Blayney Shire Council for the financial year ended 30 June 2014. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

**Councils' Responsibility for the Financial Statements**

The Council are responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

**Independence**

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



Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)



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

This auditor's report relates to the general purpose financial statements of Blayney Shire Council (Council) for the year ended 30 June 2014 included on Council's web site. Council is responsible for the integrity of its web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

**Audit Opinion**

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2;
- (b) the Council's financial statements:
  - (i) have been prepared in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position, the results of its operations and cashflows; and
  - (iv) are in accordance with applicable Australian 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 statements that have come to light in the course of the audit.



intentus

14 Sale Street  
Orange  
Dated: 8 September 2014



JD O'Malley  
Partner



Thorough, Attentive, Earnest

8 September 2014

The Mayor  
Councillor Scott Ferguson  
Blayney Shire Council  
PO Box 156  
BLAYNEY NSW 2850

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT - Section 417(3)  
BLAYNEY SHIRE COUNCIL YEAR ENDED 30 JUNE 2014**

We advise having completed our audit of the financial statements of Blayney Shire Council for the financial year ended 30 June 2014. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Blayney Shire Council for the year ended 30 June 2014. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

**Council's Responsibility for the Financial Statements**

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

The following comments are provided in accordance with Section 415(3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.



PO Box 69, Orange NSW 2800  
14 Sale Street, Orange NSW 2800  
Phone: 02 6362 5100

PO Box 9013, Bathurst West NSW 2795  
291 Stewart Street, Bathurst NSW 2795  
Phone: 02 6333 7611

Liability limited by a scheme approved under Professional Standards Legislation

page 91



#### Review of Financial Results

##### (a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$306,000 (2013 – surplus \$85,000). Selected items of note in the operating statement include:

##### Revenue

- The operating result from ordinary activities *before* capital amounts was a deficit of \$2,035,000 (2013 deficit – \$1,551,000).
- User Charges & Fees have increased substantially to \$2,018,000 (2013 - \$1,425,000) following increased work on State roads on behalf of Roads & Maritime Services (RMS) increased gravel sales and an unanticipated payment for the Cadia pipeline lease.
- Operating Grants & Contributions decreased \$1,739,000 (46%) to \$2,076,000 (2013 - \$3,815,000). The decrease was due to the early payment in the 2013 financial year of the first instalment of the Financial Assistance Grant for 2014. This resulted in higher income last year and lower this year, as such this represents a timing difference rather than a loss of revenue.
- Capital grants and contributions grew by \$705,000 (43%) to \$2,341,000 (2013 - \$1,636,000). The biggest contributor to the increase being the \$1,000,000 voluntary planning agreement contribution received from Newcrest mines.

##### Expenditure

- Materials and contracts expense have decreased from \$3,357,000 to \$3,026,000. The decrease following a greater level of capital works than in the prior year. This is consistent with the growth in capital funding discussed above.
- Other expenses were marginally higher at \$2,065,000 (2013 - \$1,843,000) with the largest increases attributable to insurance and increased water charges.

Council's other major items of income and expenditure were relatively consistent with the prior period.



Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

**(b) Financial Position**

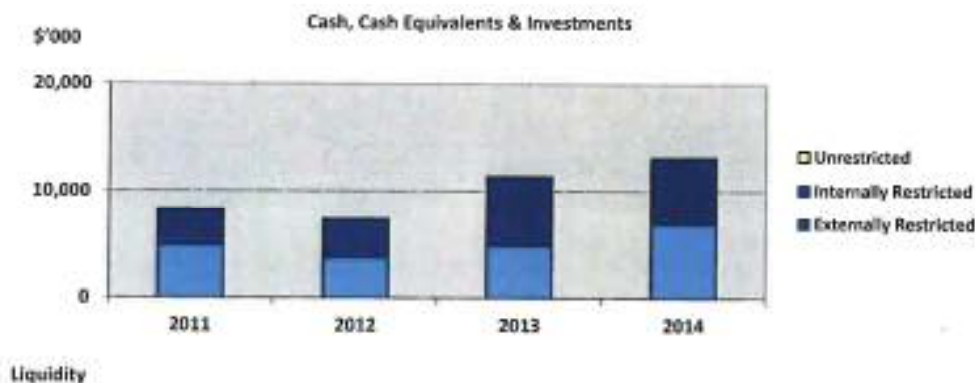
The Statement of Financial Position discloses that for the year ended 30 June 2014 Council's net assets stood at \$194,088,000 (2013 - \$193,254,000), which represents an increase of \$834,000. That movement is comprised of the net operating surplus after capital amounts of \$306,000 combined with the net asset revaluation increment of \$528,000 relating to the revaluation of Council's sewer assets.

To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions is summarised as follows: -

	2014 \$'000	2013 \$'000
<b>Net Current Assets</b>	<b>11,781</b>	<b>11,096</b>
Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements)	(6,958)	(4,922)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(6,306)	(6,530)
Add: Applicable current liabilities refer Note 10 - Sewerage	60	56
Add: Employee Leave Entitlements to be paid > 12 months	1,124	943
<b>Unrestricted net current asset surplus/(deficit)</b>	<b>(299)</b>	<b>643</b>
Unrestricted net current assets comprise: -		
Assets		
Cash	-	3
Receivables	689	564
Inventories	768	900
Other	18	149
Less: General Purpose Liabilities	(2,898)	(1,916)
Plus: Employee Leave Entitlements to be paid > 12 months	1,124	943
<b>Unrestricted net current asset surplus/(deficit)</b>	<b>(299)</b>	<b>643</b>

Although Council's unrestricted net asset position has deteriorated to the point of being negative, the decline is mainly due to increases in internal restrictions made by council, notably \$706,000 for asset replacement. There is also an existing \$1,659,000 restriction for plant replacement. Given that council has discretion over the timing and amount of any expenditure of those restrictions, we do not consider the negative net unrestricted asset position as cause for immediate alarm.





Note 6 to the accounts discloses total cash and investments of \$13,181,000 (2013 - \$11,377,000), of this amount \$6,875,000 (2013 - \$4,844,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$6,306,000 (2013 - \$6,530,000) is subject to internal restrictions agreed upon by Council for designated purposes. These internal restrictions may be altered at the discretion of Council, consistent with its management plan.

The unrestricted balance of \$Nil (2013 - \$3,000) represents liquid assets available to cover non-budgeted discretionary expenditure and meet short-term cash flow requirements.

Whilst the consolidated financial statements displays sound levels of cash and investments, we remind the reader that the consolidated data is not necessarily reflective of the position of the individual funds (General & Sewer) and this is equally applicable when reviewing the performance indicators considered below. General information on the financial position and performance by fund is provided in Note 21 to the financial statements.

#### (c) Performance Indicators

Note 13 to the Financial Statements provides a measure of Council's performance using a number of selected ratios:

##### Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates its ability to satisfy obligations out of short-term and immediate asset balances. Council's ratio of 4.13:1 indicates that it is comfortably able to settle its debts as and when they fall due.

##### Debt Service Cover Ratio

This is a new ratio this year that measures the ability of council to service debt by expressing that capacity as a multiple of the operating result from continuing operations, excluding capital items and depreciation / impairment, over the principal and interest costs.

At 8.84 times (2013 - 13.13) Blayney Shire Council's ratio indicates that council can comfortably meet its current levels of debt.

**Rates & Annual Charges, Interest & Extra Charges Outstanding Ratio**

The ratio is a measure of management efficiency. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Blayney Shire Council's rates and annual charges outstanding percentage of 4.5% (2013 – 5.57%) indicates effective rates debtor management.

**Cash Expense Cover Ratio**

Another new performance measure, the purpose of this ratio is to assess the number of months cash expenses the accumulated cash and investments at 30 June would cover.

We suspect that this is a ratio that may vary considerably from year-to-year, but note that the increase in the measure this year to 14.99 months (2013 11.61) is likely due to the higher level of capital works this year which results in lower materials and contract payments in the operating activities section of the cash flow statement which is the denominator of this measure.

**(d) Cash Flow Statement**

The Statement of Cash Flows provides information regarding the movement in cash and cash-equivalents, which are highly liquid and have an original term to maturity of less than three months. The current year reports a net decrease in cash assets held of \$1,963,000 (2013 – decrease \$2,958,000) as follows:

	2014 \$'000	2013 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	5,263	6,775	(1,512)
Investing activities	(8,107)	(9,640)	1,533
Financing activities	881	(93)	974
Net increase / (decrease) in cash held	(1,963)	(2,958)	995

**Cash flows from operating activities**

The cashflows from operating activities have decreased due to the decrease in grants and subsidies received as a result of their early payment in 2013.

**Cash flows from investing activities**

Cash outflows related to acquisitions of infrastructure, property, plant and equipment were up by \$1,761,000 with significant expenditure on bridge replacement. This was offset by lower levels of net purchases of investments (> 3 months to maturity) which were down by \$3,000,000 resulting in an overall lower net cash outflow.

**Cash flows from financing activities**

The net cash inflow provided by financing activities was the result of a new loan of \$1,000,000 being drawn down less principal repayments on council's borrowings.

**(e) Comparison of Actual and Budgeted Performance**

Council's surplus from ordinary activities after capital amounts of \$306,000 was \$1,559,000 better than Council's original estimates.

It is beyond the purpose of this report to provide a detailed analysis of individual budget variations. Note 16 to Council's financial statements addresses the contributing factors to these variations in detail.

**(f) Other Matters****National Competition Policy**

In accordance with the requirements of National Competition Policy guidelines, Blayney Shire Council has prepared special purpose financial statements on its business units for the year ended 30 June 2014. Council has determined that it has one business unit within its operations: Sewerage Services.

The Office of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines the process for identifying and allocating costs of activities and 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, rate of return on investments in business units and dividends paid.

An unqualified audit report on the special purpose statements for the year ended 30 June 2014 has been issued.

**Management Letters**

Our most recent management letter was issued on 1 July 2014, with a further management letter to follow.

**(g) Legislative compliance**

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial statements that have come to our attention during the conduct of the audit and that Blayney Shire Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

**(h) Matters Relating to the Electronic Presentation of the Audited Financial Statements**

This auditor's report relates to the financial statements of Blayney Shire Council (Council) for the year ended 30 June 2013 included on Council's web site. Council is responsible for the integrity of its web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

**Conclusion**

- (a) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements and allowed proper and effective audit of these statements;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of these statements; and
- (c) all information relevant to the conduct of the audit has been obtained.

**Intentus**

14 Sale Street  
Orange

Dated: 8 September 2014



JP O'Malley  
Partner



# Blayney Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

---

*"an innovative, inspirational  
and enjoyable environment..."*



SPFS 2014

## Blayney Shire Council

### Special Purpose Financial Statements for the financial year ended 30 June 2014

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	n/a
Income Statement - Sewerage Business Activity	3
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	n/a
Statement of Financial Position - Sewerage Business Activity	4
Statement of Financial Position - Other Business Activities	n/a
<b>3. Notes to the Special Purpose Financial Statements</b>	<b>5</b>
<b>4. Auditor's Report</b>	<b>12</b>

---

#### 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).
- 

page 1

SPFS 2014

**Blayney Shire Council****Special Purpose Financial Statements**  
for the financial year ended 30 June 2014**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 11 August 2014.



S J Ferguson  
MAYOR



A J Ewin  
COUNCILLOR



Alan McCormack  
ACTING GENERAL MANAGER



C M Hodges  
RESPONSIBLE ACCOUNTING OFFICER

page 2

SPFS 2014

## Blayney Shire Council

Income Statement of Council's Sewerage Business Activity  
for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	1,066	956
User charges	119	94
Liquid Trade Waste charges	7	-
Fees	-	8
Interest	192	168
Grants and contributions provided for non capital purposes	16	16
Profit from the sale of assets	224	-
Other income	8	61
<b>Total income from continuing operations</b>	<b>1,632</b>	<b>1,303</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	115	114
Borrowing costs	72	75
Materials and contracts	495	486
Depreciation and impairment	493	487
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	100	120
<b>Total expenses from continuing operations</b>	<b>1,275</b>	<b>1,282</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>357</b>	<b>21</b>
Grants and contributions provided for capital purposes	50	11
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>407</b>	<b>32</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>407</b>	<b>32</b>
less: Corporate Taxation Equivalent (30%) (based on result before capital)	(107)	(6)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>300</b>	<b>26</b>
plus Opening Retained Profits	8,943	8,900
plus/less: Prior Period Adjustments	-	11
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	107	6
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>9,350</b>	<b>8,943</b>
<b>Return on Capital %</b>	<b>2.1%</b>	<b>0.5%</b>
<b>Subsidy from Council</b>	<b>284</b>	<b>653</b>
Calculation of dividend payable:		
Surplus (deficit) after tax	300	26
less: Capital grants and contributions (excluding developer contributions)	(38)	-
<b>Surplus for dividend calculation purposes</b>	<b>262</b>	<b>26</b>
<b>Potential Dividend calculated from surplus</b>	<b>131</b>	<b>13</b>

page 3



SPFS 2014

## Blayney Shire Council

Statement of Financial Position - Council's Sewerage Business Activity  
as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	916	2,746
Investments	3,500	733
Receivables	305	287
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>4,721</b>	<b>3,766</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	236	458
Inventories	-	-
Infrastructure, property, plant and equipment	20,021	19,862
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>20,257</b>	<b>20,320</b>
<b>TOTAL ASSETS</b>	<b>24,978</b>	<b>24,086</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	13	6
Interest bearing liabilities	47	50
Provisions	-	-
<b>Total Current Liabilities</b>	<b>60</b>	<b>56</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	880	927
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>880</b>	<b>927</b>
<b>TOTAL LIABILITIES</b>	<b>940</b>	<b>983</b>
<b>NET ASSETS</b>	<b>24,038</b>	<b>23,103</b>
<b>EQUITY</b>		
Retained earnings	9,350	8,943
Revaluation reserves	14,688	14,160
Council equity interest	24,038	23,103
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>24,038</b>	<b>23,103</b>

page 4

SPFS 2014

**Blayney Shire Council****Special Purpose Financial Statements**  
for the financial year ended 30 June 2014**Contents of the Notes accompanying the Financial Statements**

Note	Details	Page
1	Summary of Significant Accounting Policies	6
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	9

## Blayney Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office 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 Office 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)

*Nil*

##### Category 2

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

##### a. Blayney Sewerage Service

*Sewerage reticulation and treatment system servicing the town of Blayney, which has been established as a Special Rate Fund*

##### b. Millthorpe Sewerage Service

*Sewerage reticulation and treatment system servicing the town of Millthorpe, which has been established as a Special Rate Fund*

#### 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 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in 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

## Blayney Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

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%

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 Sewerage Business activities.

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

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

#### Income Tax

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

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

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

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

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

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

#### Local Government Rates & Charges

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

#### Loan & Debt Guarantee Fees

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

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

#### (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.



## Blayney Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

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

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.

##### (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 LPP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

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 Sewerage Businesses are permitted to pay an annual dividend from its 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 sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

SPFS 2014

## Blayney Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements

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

2014

## 1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	-
(ii) No of assessments multiplied by \$3/assessment	5,643
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for Tax Equivalents	0

## 2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	130,950
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	56,430
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	396,100

2014 Surplus	261,900	2013 Surplus	25,700	2012 Surplus	108,500
		2013 Dividend	-	2012 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	56,430
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	0

## 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

page 9

SPFS 2014

## Blayney Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

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

2014

## 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	1,454
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	19,901
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	712
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	122
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 (i.e. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	1.24%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	38

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	1,454
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.10%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	122
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)]	%	1.24%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	0
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

page 10

SPFS 2014

## Blayney Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

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

2014

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))	%	-14.51%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): 249 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: - 120 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	369
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	16

- 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.

page 11



# Blayney Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2014

---

*"an innovative, inspirational  
and enjoyable environment..."*



## Blayney Shire Council

## Special Schedules

for the financial year ended 30 June 2014

## Contents

Page

Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	6
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	10
- Note to Special Schedule No. 5		11
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2014)	12
- Special Schedule No. 8	Financial Projections	17
- Special Schedule No. 9	Permissible Income Calculation	18

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

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 (NOW), and
- the Office of Local Government (OLG).

(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.

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 1 - Net Cost of Services  
for the financial year ended 30 June 2014

\$'000				
Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	459	14	-	(445)
<b>Administration</b>	2,968	496	51	(2,421)
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	339	59	1	(279)
Beech Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	109	6	-	(103)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	448	65	1	(382)
<b>Health</b>	55	16	-	(39)
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	65	-	-	(65)
Other Environmental Protection	-	-	-	-
Solid Waste Management	980	1,159	-	199
Street Cleaning	139	-	-	(139)
Drainage	65	-	-	(65)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	1,229	1,159	-	(70)
<b>Community Services and Education</b>				
Administration & Education	18	-	2	(16)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	5	-	5
Children's Services	12	1	-	(11)
<b>Total Community Services &amp; Education</b>	30	6	2	(22)
<b>Housing and Community Amenities</b>				
Public Cemeteries	52	46	-	(6)
Public Conveniences	77	-	-	(77)
Street Lighting	102	-	-	(102)
Town Planning	230	125	15	(90)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	461	171	15	(275)
<b>Sewerage Services</b>	993	1,559	50	616

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2014

\$'000				
Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	157	50	-	(107)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	356	285	-	(71)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	6	-	-	(6)
Sporting Grounds and Venues	233	12	50	(171)
Swimming Pools	895	332	83	(480)
Parks & Gardens (Lakes)	906	3	-	(903)
Other Sport and Recreation	80	6	25	(29)
<b>Total Recreation and Culture</b>	<b>2,613</b>	<b>688</b>	<b>158</b>	<b>(1,767)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	189	103	-	(86)
Other Mining, Manufacturing & Construction	303	325	-	22
<b>Total Mining, Manufacturing and Const.</b>	<b>492</b>	<b>428</b>	-	<b>(64)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	1,962	10	-	(1,952)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	770	1,620	550	1,400
Sealed Rural Roads (SRR) - Regional	187	299	109	221
Unsealed Rural Roads (URR) - Local	783	100	-	(683)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	260	-	-	(260)
Bridges on SRR - Local	2	-	-	(2)
Bridges on URR - Local	18	-	351	333
Bridges on Regional Roads	6	-	-	(6)
Parking Areas	-	-	-	-
Footpaths	60	-	33	(27)
Aerodromes	-	-	-	-
Other Transport & Communication	808	521	1,021	734
<b>Total Transport and Communication</b>	<b>4,856</b>	<b>2,550</b>	<b>2,064</b>	<b>(242)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	297	155	-	(142)
<b>Total Economic Affairs</b>	<b>297</b>	<b>155</b>	-	<b>(142)</b>
<b>Totals – Functions</b>	<b>14,901</b>	<b>7,307</b>	<b>2,341</b>	<b>(5,253)</b>
<b>General Purpose Revenues <sup>(2)</sup></b>		<b>5,559</b>		<b>5,559</b>
Share of interests - joint ventures & associates using the equity method	-	-	-	-
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>14,901</b>	<b>12,866</b>	<b>2,341</b>	<b>306</b>

(1) As reported in the Income Statement

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

page 3



Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)  
for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year		New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year	
	Current	Non Current		From Revenue	Sinking Funds			Current	Non Current
<b>Loans (by Source)</b>									
Commonwealth Government	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-
Financial Institutions	98	1,710	1,000	119	-	-	145	183	2,506
Other	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>98</b>	<b>1,710</b>	<b>1,000</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>183</b>	<b>2,506</b>
<b>Other Long Term Debt</b>									
Ratepayers Advances	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>98</b>	<b>1,710</b>	<b>1,000</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>183</b>	<b>2,506</b>
									<b>2,689</b>

Notes: Excludes (i) Internal Loans &amp; (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).

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]  
for the financial year ended 30 June 2014

\$'000

## Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General Water Sewer Domestic Waste Management Gas Other	1,050	245	458
<b>Totals</b>	<b>1,050</b>	<b>245</b>	<b>458</b>

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

## Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
BSC General Fund	BSC Sewer Fund	04/03/11	01/07/11	5	30/06/16	6.00%	1,050	245	458
<b>Totals</b>							<b>1,050</b>	<b>245</b>	<b>458</b>

page 5

Special Schedules 2014

## Blayney 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 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	247	227
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	83	50
b. Maintenance expenses	-	-
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	29	87
d. Energy costs	15	17
e. Maintenance expenses	-	-
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	265	262
g. Chemical costs	22	17
h. Energy costs	51	60
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	473	463
b. Plant and equipment	20	24
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	72	75
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,277</b>	<b>1,282</b>

page 6

Special Schedules 2014

## Blayney 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 2014

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
6. Residential charges (including rates)	1,066	956
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	119	94
8. Trade Waste Charges		
a. Annual Fees	7	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	192	168
11. Other income	231	69
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	38	-
b. Grants for pensioner rebates	16	16
c. Other grants	-	-
13. Contributions		
a. Developer charges	12	11
b. Developer provided assets	-	-
c. Other contributions	3	-
14. Total income	<u>1,684</u>	<u>1,314</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>407</u>	<u>32</u>
16a. Operating Result (less grants for acquisition of assets)	369	32



Special Schedules 2014

## Blayney 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 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
Non-operating expenditures		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	122	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	47	41
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>169</b>	<b>41</b>
Non-operating funds employed		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,448	1,452
b. Residential (unoccupied, ie. vacant lot)	143	187
c. Non-residential (occupied)	244	245
d. Non-residential (unoccupied, ie. vacant lot)	46	43
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 15,386	\$ 15,863

page 8

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
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"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text"/>
<p>* Councils which have not yet implemented best practice sewer pricing &amp; liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.</p>			

page 9

Special Schedules 2014

## Blayney 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 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	714	-	714
b. Special purpose grants	4	-	4
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,698	-	3,698
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	83	-	83
c. User Charges	-	-	-
d. Other	222	236	458
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	19,901	19,901
b. Plant and equipment	-	120	120
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>4,721</b>	<b>20,257</b>	<b>24,978</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	13	-	13
<b>39. Borrowings</b>			
a. Loans	47	880	927
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>60</b>	<b>880</b>	<b>940</b>
<b>42. NET ASSETS COMMITTED</b>	<b>4,661</b>	<b>19,377</b>	<b>24,038</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			9,350
<b>44. Asset revaluation reserve</b>			14,688
<b>45. TOTAL EQUITY</b>			<b>24,038</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost of system assets</b>			28,158
<b>47. Accumulated current cost depreciation of system assets</b>			(8,257)
<b>48. Written down current cost of system assets</b>			<b>19,901</b>

page 10

## Blayney Shire Council

# Note to Special Schedule No. 5

for the financial year ended 30 June 2014

**Administration <sup>(1)</sup>**

(item 1a of Special Schedule 5) comprises the following:

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

**Engineering and supervision <sup>(1)</sup>**

(item 1b of Special Schedule 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 Schedule 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedule 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 Schedule 5) includes all expenses not recorded elsewhere.

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

**Impairment Losses** (item 4d & 4e of Special Schedule 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 Schedule 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 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's sewerage revenue.

**Residential charges <sup>(2)</sup>** (items 6a, 6b and item 6 of Special Schedules 5) include all income from residential charges.

**Non-residential charges <sup>(2)</sup>** (items 7a, 7b of Special Schedule 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** (item 11 of Special Schedule 5) include all income not recorded elsewhere.

**Other contributions** (item 13c of Special Schedules 5) incl. capital contributions sewerage services received by Council under Section 565 of the Local Government Act.

**Notes:**

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

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



## Blayney Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets  
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets In Condition as a % of WDV <sup>(5), (6)</sup>				
						1	2	3	4	5
<b>Buildings</b>	Council Offices / Administration Centres	70	15	8	730	0%	20%	70%	10%	0%
	Council Works Depot	200	34	14	1,516	0%	45%	30%	20%	5%
	Council Public Halls	175	62	20	2,737	60%	0%	30%	10%	0%
	Libraries	-	6	1	224	0%	90%	10%	0%	0%
	CentrePoint	400	82	34	3,171	0%	35%	45%	20%	0%
	Other Buildings Inc. Amenities/Toilets	250	50	33	3,988	10%	35%	45%	8%	2%
	<b>sub total</b>	<b>1,095</b>	<b>249</b>	<b>110</b>	<b>12,366</b>	<b>16.5%</b>	<b>28.6%</b>	<b>40.7%</b>	<b>13.0%</b>	<b>1.3%</b>
<b>Roads</b>	Sealed Roads Surface	927	510	556	9,849	31%	40%	26%	3%	0%
	Sealed Roads Structure	2,656	550	463	46,010	26%	36%	30%	8%	0%
	Unsealed Road Structure	1,367	500	707	40,917	30%	37%	29%	4%	0%
	Bridges	3,434	50	21	15,356	59%	29%	6%	6%	0%
	Footpaths & Cycle ways	880	25	9	2,488	25%	43%	28%	3%	1%
	Kerb and Gutter	99	15	1	5,527	5%	10%	60%	15%	10%
	Other Road Assets	175	150	101	1,149	5%	10%	60%	15%	10%
	Culverts	190	25	18	3,077	4%	35%	45%	12%	4%
	<b>sub total</b>	<b>9,728</b>	<b>1,825</b>	<b>1,876</b>	<b>124,373</b>	<b>30.1%</b>	<b>34.5%</b>	<b>25.3%</b>	<b>6.4%</b>	<b>0.7%</b>

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets In Condition as a % of WDV <sup>(5), (6)</sup>				
						1	2	3	4	5
Sewerage Network	Rising Mains	-	50	2	4,430	1%	95%	3%	1%	0%
	Pumping Station/s	203	-	40	1,950	0%	89%	0%	1%	0%
	Treatment	70	127	127	2,565	0%	100%	0%	0%	0%
	Reliculation	1,307	250	14	10,459	18%	18%	18%	48%	0%
	sub total	1,580	427	183	19,404	9.9%	54.6%	19.4%	25.1%	0.0%
Stormwater Drainage	Stormwater	150	15	5	4,281	0%	40%	50%	10%	0%
	sub total	150	15	5	4,281	0.0%	40.0%	50.0%	10.0%	0.0%
Open Space/ Recreational Assets	Fences and Parks Furniture	35	40	45	1,565	15%	40%	40%	5%	0%
	Other	-	-	-	-	-	-	-	-	-
	sub total	35	40	45	1,565	15.0%	40.0%	40.0%	5.0%	0.0%
TOTAL - ALL ASSETS		12,588	2,556	2,219	161,989	25.7%	36.7%	27.8%	9.2%	0.6%

## Notes:

(1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".

The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.

This estimated cost should not include any planned enhancements (ie to heighten, intensify or improve the facilities).

(2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard."

(3). Actual Maintenance is what has been spent in the current year to maintain the assets.

(4). Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.

(5). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(6). Infrastructure Asset Condition Assessment "Key"

1	Excellent
2	Good

3	No work required (normal maintenance)
4	Only minor maintenance work required

3	Average
4	Poor

3	Maintenance work required
4	Renewal required

5	Very Poor
6	Urgent renewal/upgrading required

page 13

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	3,699	106.63%	69.19%	96.84%
Depreciation, Amortisation & Impairment	3,469			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	12,588	0.08	0.13	0.02
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	165,544			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	2,219	0.87	0.68	0.80
Required Asset Maintenance	2,556			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	4,619	0.98	0.57	0.91
Annual Depreciation	4,718			

## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(2)</sup> Written down value

## Blayney Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

<p><b>1. Building and Infrastructure Renewals Ratio</b></p> <p>Ratio %</p> <p>16.21% 96.84% 69.19% 106.63%</p> <p>2011 2012 2013 2014</p> <p>— Minimum 100.00%</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 106.63%</b></p> <p>Higher result is due to works being undertaken as a result of the Mining special variation.</p>
<p><b>2. Infrastructure Backlog Ratio</b></p> <p>Ratio (x)</p> <p>0.02 0.13 0.08</p> <p>2012 2013 2014</p> <p>— Maximum 0.2</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>	<p><b>Purpose of Infrastructure Backlog Ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 0.08 x</b></p> <p>Councils result of 0.08 in 2014 is still well above the industry benchmark. However, Councils approved special rate variations will continue to reduce the current infrastructure backlog into the future.</p>
<p><b>3. Asset Maintenance Ratio</b></p> <p>Ratio (x)</p> <p>0.80 0.68 0.87</p> <p>2012 2013 2014</p> <p>— Minimum 1.00</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>	<p><b>Purpose of Asset Maintenance Ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 0.87 x</b></p> <p>Councils result of 0.87 is below the industry benchmark of 1. Councils approved special rate variation will allow for increased maintenance works to be conducted in future years.</p>
<p><b>4. Capital Expenditure Ratio</b></p> <p>Ratio (x)</p> <p>0.91 0.57 0.98</p> <p>2012 2013 2014</p> <p>— Minimum 1.10</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>	<p><b>Purpose of Capital Expenditure Ratio</b></p> <p>To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 0.98 x</b></p> <p>Councils result of 0.98 is slightly under industry benchmarks. However, is a solid result that should be bolstered by future special rate variations.</p>



Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000		Sewer 2014	General <sup>(1)</sup> 2014
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building and Infrastructure Renewals Ratio</b>			
Asset Renewals (Building and Infrastructure) <sup>(2)</sup>		<b>26.35%</b>	<b>119.00%</b>
Depreciation, Amortisation & Impairment			
	prior period:	0.00%	79.71%
<b>2. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		<b>0.08</b>	<b>0.08</b>
	prior period:	0.00	0.15
<b>3. Asset Maintenance Ratio</b>			
Actual Asset Maintenance			
Required Asset Maintenance		<b>0.43</b>	<b>0.96</b>
	prior period:	0.00	0.68
<b>4. Capital Expenditure Ratio</b>			
Annual Capital Expenditure			
Annual Depreciation		<b>0.25</b>	<b>1.06</b>
	prior period:	0.00	0.53

## Notes

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

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(3)</sup> Written down value

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 8 - Financial Projections  
as at 30 June 2014

\$'000	Actual <sup>(1)</sup> 13/14	Forecast <sup>(2)</sup> 14/15	Forecast <sup>(2)</sup> 15/16	Forecast <sup>(2)</sup> 16/17	Forecast <sup>(2)</sup> 17/18	Forecast <sup>(2)</sup> 18/19	Forecast <sup>(2)</sup> 19/20	Forecast <sup>(2)</sup> 20/21	Forecast <sup>(2)</sup> 21/22	Forecast <sup>(2)</sup> 22/23	Forecast <sup>(2)</sup> 23/24
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	15,207	13,955	14,563	14,638	15,605	16,407	17,114	20,924	21,253	20,103	21,323
Expenses from continuing operations	14,901	14,836	15,512	15,992	16,433	16,819	17,345	18,169	18,699	19,228	19,682
<b>Operating Result from Continuing Operations</b>	<b>306</b>	<b>(881)</b>	<b>(849)</b>	<b>(1,354)</b>	<b>(828)</b>	<b>(412)</b>	<b>(231)</b>	<b>2,755</b>	<b>2,554</b>	<b>877</b>	<b>1,641</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(3)</sup>	927	2,597	2,083	1,864	1,493	1,798	1,195	7,021	6,413	1,695	1,042
Replacement/Refurbishment of Existing Assets	3,699	2,930	3,011	3,200	2,534	3,037	4,311	2,549	3,380	3,431	4,416
<b>Total Capital Budget</b>	<b>4,626</b>	<b>5,527</b>	<b>5,094</b>	<b>5,064</b>	<b>4,027</b>	<b>4,835</b>	<b>5,506</b>	<b>9,570</b>	<b>9,793</b>	<b>5,126</b>	<b>5,458</b>
<b>Funded by:</b>											
- Loans	1,000	1,175	-	484	-	810	1,407	615	1,266	-	-
- Asset sales	162	-	-	-	-	-	-	-	-	-	-
- Reserves	-	387	1,173	751	-	-	65	1,672	1,377	-	-
- Grants/Contributions	2,341	695	908	520	750	790	683	3,653	3,127	616	629
- Recurrent revenue	1,123	3,270	3,013	3,309	3,277	3,235	3,351	3,630	4,023	4,510	4,829
- Other	-	-	-	-	-	-	-	-	-	-	-
	<b>4,626</b>	<b>5,527</b>	<b>5,094</b>	<b>5,064</b>	<b>4,027</b>	<b>4,835</b>	<b>5,506</b>	<b>9,570</b>	<b>9,793</b>	<b>5,126</b>	<b>5,458</b>

## Notes:

(1) From 13/14 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.

Special Schedules 2014

## Blayney Shire Council

Special Schedule No. 9 - Permissible Income Calculation  
for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	4,031	6,140
Plus or minus Adjustments <sup>(2)</sup>	b	1,899	1,649
<b>Notional General Income</b>	c	<b>5,930</b>	<b>7,789</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d		4.69%
or Rate peg percentage	e	3.40%	
or Crown land adjustment incl. rate peg percentage	f		
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	365
or plus Rate peg amount	i = c x e	202	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>6,132</b>	<b>8,154</b>
plus (or minus) last year's Carry Forward Total	l	23	19
less Valuation Objections claimed in the previous year	m	-	(4)
<b>sub-total</b>	n = (l + m)	<b>23</b>	<b>15</b>
<b>Total Permissible Income</b>	o = k + n	<b>6,155</b>	<b>8,169</b>
less Notional General Income Yield	p	6,140	8,130
<b>Catch-up or (excess) result</b>	q = o - p	<b>15</b>	<b>39</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	4	-
less Unused catch-up <sup>(5)</sup>	s	-	(19)
<b>Carry forward to next year</b>	t = q + r - s	<b>19</b>	<b>20</b>

## Notes

- <sup>1</sup> The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- <sup>2</sup> Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- <sup>5</sup> Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

page 18



**AUDITOR'S REPORT  
PERMISSIBLE GENERAL INCOME (SPECIAL SCHEDULE No.9)  
OF BLAYNEY SHIRE COUNCIL**

**Scope**

We have audited the special purpose financial report comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Blayney Shire Council for the 2014-'15 financial year.

**Responsibility of Council for Special Schedule No. 9**

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Responsibility of the Auditor**

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

**Audit Opinion**

In our opinion, the reconciliation of Council's total permissible general income (Special Schedule 9) which shows a carry forward catch-up total for 2014-'15 of **thirty eight thousand five hundred and eighty three dollars (\$38,583)** is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.



Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)



**Basis of Accounting and Restriction on Distribution**

Without modifying our opinion, we draw attention to the fact that Special Schedule 9 - the reconciliation of total permissible general income is a special purpose financial report which has been prepared for distribution to the Council and the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the financial report may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the financial report was prepared.

The logo for the firm 'intentus' is written in a lowercase, cursive script.**intentus**

14 Sale Street  
Orange

Dated: 8 September 2014

A handwritten signature in dark ink, appearing to read 'JD O'Malley'.  
**JD O'Malley**  
**Partner**