

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 7.23:1 indicates that it is comfortably able to settle its debts as and when they fall due.

Debt Service Cover Ratio

This ratio 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 19.39 times (2015 – 10.65 times) Blayney Shire Council's ratio indicates that it 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 2.22% (2015 – 2.28%) indicates effective rates debtor management.

Cash Expense Cover Ratio

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 improvement in this indicator to 17.3 months (2015 - 13.7 months) is likely due to the higher level of capital works this year which resulted 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 increase in cash assets held of \$209,000 (2015 – decrease \$1,315,000) as follows:

	2016 \$'000	2015 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	10,033	6,846	3,187
Investing activities	(9,647)	(7,821)	(1,826)
Financing activities	(177)	(340)	163
Net increase / (decrease) in cash held	209	(1,315)	1,524

Cash flows from operating activities

The net cashflows from operating activities have increased by \$3,187,000 compared to the prior year. Cash inflows from operating activities have increased by \$2,655,000 as a result of the overall increase in revenue as outlined earlier in this report. In addition, the higher level of capital works has seen lower levels of operating expenditure, resulting in cash outflows from operating activities falling by \$532,000.

Cash flows from investing activities

Council spent \$7,449,000 in additions to and renewals of its infrastructure, property, plant and equipment. Of this, \$3,969,000 was spent on Council's roads, bridges and footpaths, with major works undertaken on Errowanbang Road.

Council also purchased a further \$2,500,000 in investments (greater than 3 months to maturity) during the year.

Cash flows from financing activities

The net cash outflow used in financing activities was the repayment of principal on council's borrowings.

(e) Comparison of Actual and Budgeted Performance

Council's surplus from ordinary activities after capital amounts of \$4,523,000 was \$1,382,000 better than Council's original estimate of \$3,141,000.

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 2016. 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 2016 has been issued.

Management Letters

Our most recent management letter was issued on 30 June 2016, 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 2016 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.

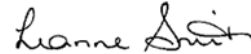
Conclusion

- (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

291 Stewart Street
Bathurst
Dated: 28 October 2016



**LR Smith
Director**

Blayney Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016

*“an innovative, inspirational
and enjoyable environment...”*



Blayney Shire Council

Special Purpose Financial Statements for the year ended 30 June 2016

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
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
3. Notes to the Special Purpose Financial Statements	5
4. Auditor's Report	12

Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office 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 and 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 more than \$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 and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Blayney Shire Council

Special Purpose Financial Statements
for the year ended 30 June 2016

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 and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these financial statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 19 September 2016.



S J Ferguson
Mayor



A J Ewin
Councillor



R Ryan
General manager



T Irlam
Responsible accounting officer

Blayney Shire Council

**Income Statement of Council's Sewerage Business Activity
for the year ended 30 June 2016**

\$ '000	Actual 2016	Actual 2015
Income from continuing operations		
Access charges	1,030	960
User charges	131	168
Liquid trade waste charges	132	8
Fees	-	-
Interest	172	179
Grants and contributions provided for non-capital purposes	20	42
Profit from the sale of assets	8	-
Other income	5	2
Total income from continuing operations	1,498	1,359
Expenses from continuing operations		
Employee benefits and on-costs	260	114
Borrowing costs	57	75
Materials and contracts	611	535
Depreciation and impairment	543	523
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	84	55
Total expenses from continuing operations	1,555	1,302
Surplus (deficit) from continuing operations before capital amounts	(57)	57
Grants and contributions provided for capital purposes	20	73
Surplus (deficit) from continuing operations after capital amounts	(37)	130
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from all operations before tax	(37)	130
Less: corporate taxation equivalent (30%) [based on result before capital]	-	(17)
SURPLUS (DEFICIT) AFTER TAX	(37)	113
Plus opening retained profits	9,480	9,350
Plus/less: prior period adjustments	-	-
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	17
Less:		
- Tax equivalent dividend paid	-	-
- Surplus dividend paid	-	-
Closing retained profits	9,443	9,480
Return on capital %	0.0%	0.7%
Subsidy from Council	439	476
Calculation of dividend payable:		
Surplus (deficit) after tax	(37)	113
Less: capital grants and contributions (excluding developer contributions)	0	(56)
Surplus for dividend calculation purposes	-	57
Potential dividend calculated from surplus	-	29

Blayney Shire Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 30 June 2016

\$ '000	Actual 2016	Actual 2015
ASSETS		
Current assets		
Cash and cash equivalents	324	319
Investments	4,833	4,500
Receivables	36	267
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	5,193	5,086
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	20,216	20,141
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	20,216	20,141
TOTAL ASSETS	25,409	25,227
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	20	49
Borrowings	37	34
Provisions	–	–
Total current liabilities	57	83
Non-current liabilities		
Payables	–	–
Borrowings	650	687
Provisions	–	–
Total non-current liabilities	650	687
TOTAL LIABILITIES	707	770
NET ASSETS	24,702	24,457
EQUITY		
Retained earnings	9,444	9,480
Revaluation reserves	15,258	14,977
Council equity interest	24,702	24,457
Non-controlling equity interest	–	–
TOTAL EQUITY	24,702	24,457

Blayney Shire Council

Special Purpose Financial Statements
for the year ended 30 June 2016

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 year ended 30 June 2016

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 the SPFS, 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), and
- Australian Accounting Interpretations.

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) 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, *Application of National Competition Policy to Local Government*.

The *Pricing and 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 and costing guidelines outline the process for identifying and allocating costs to activities and provide standards for disclosure. 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 and 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 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.

Blayney Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

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

The payment of taxation equivalent charges, referred in the Best-Practice Management of Water Supply and Sewerage Guidelines 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 Best-Practice Management of Water Supply and Sewerage Guidelines 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.

While income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account 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 or 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 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 30% rate applied 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 and 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 and 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 Council's borrowing rate for its business activities.

Blayney Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Note 1. Significant accounting policies (continued)

(ii) Subsidies

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

Subsidies occur when 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 Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

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

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

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.17% at 30/6/16.

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

(iv) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, 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.

Blayney Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016

Note 3. Sewerage business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2016

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) Number of assessments multiplied by \$3/assessment	5,646
(iii) Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i) 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) Number of assessments x (\$30 less tax equivalent charges per assessment)	56,460
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	282,381

2016 Surplus	(36,843)	2015 Surplus	57,324	2014 Surplus	261,900
		2015 Dividend	-	2014 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi) Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

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 and 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

Blayney Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016

Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2016

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	1,338
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	20,044
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	954
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	342
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 and equipment (s34b)]	%	-0.79%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

NWI F3	Total income (water and 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	1,346
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.97%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	342
NWI F19	Economic real rate of return (water and 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 and equipment (w33b + s34b)]	%	-0.79%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

Blayney Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016

Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2016

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-18.10%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(37)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	13

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 2. The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



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

Report on the Financial Statements

We have audited the special purpose financial statements of Blayney Shire Council for the year ended 30 June 2016, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

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



Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Blayney Shire Council (Council) for the year ended 30 June 2016 included on Council's web site. Council is responsible for the integrity of their web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion, the special purpose financial statements of Blayney Shire Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

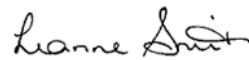
Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statement, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the statements were prepared.



intentus

291 Stewart Street
Bathurst
Dated: 28 October 2016



**LR Smith
Director**

Blayney Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2016

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



Blayney Shire Council

Special Schedules
for the year ended 30 June 2016

Contents		Page
Special Schedules¹		
Special Schedule 1	Net Cost of Services	2
Special Schedule 2(a)	Statement of Long Term Debt (all purposes)	4
Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
Special Schedule 3	Water Supply Operations – incl. Income Statement	n/a
Special Schedule 4	Water Supply – Statement of Financial Position	n/a
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	6
Special Schedule 6	Sewerage Service – Statement of Financial Position	9
Notes to Special Schedule 5		10
Special Schedule 7	Report on Infrastructure Assets	11
Special Schedule 8	Permissible Income Calculation	16

¹ Special Schedules are not audited (with the exception of Special Schedule 8).

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.

Blayney Shire Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	412	4	–	(408)
Administration	3,311	407	–	(2,904)
Public order and safety				
Fire service levy, fire protection, emergency services	300	74	60	(166)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	147	18	–	(129)
Other	–	–	–	–
Total public order and safety	447	92	60	(295)
Health	16	6	–	(10)
Environment				
Noxious plants and insect/vermin control	68	–	–	(68)
Other environmental protection	–	–	–	–
Solid waste management	1,040	1,182	50	192
Street cleaning	142	–	–	(142)
Drainage	99	15	–	(84)
Stormwater management	–	–	–	–
Total environment	1,349	1,197	50	(102)
Community services and education				
Administration and education	6	–	–	(6)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	11	1	–	(10)
Total community services and education	17	1	–	(16)
Housing and community amenities				
Public cemeteries	115	63	–	(52)
Public conveniences	93	–	–	(93)
Street lighting	98	40	–	(58)
Town planning	325	207	–	(118)
Other community amenities	–	–	–	–
Total housing and community amenities	631	310	–	(321)
Water supplies	–	–	–	–
Sewerage services	1,547	1,489	19	(39)

Blayney Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2016

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	176	34	–	(142)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	153	293	–	140
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	21	–	–	(21)
Sporting grounds and venues	292	19	399	126
Swimming pools	956	333	–	(623)
Parks and gardens (lakes)	1,125	3	45	(1,077)
Other sport and recreation	68	–	–	(68)
Total recreation and culture	2,791	682	444	(1,665)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	128	120	–	(8)
Other mining, manufacturing and construction	267	257	–	(10)
Total mining, manufacturing and const.	395	376	–	(19)
Transport and communication				
Urban roads (UR) – local	2,343	–	–	(2,343)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	1,541	2,760	1,928	3,147
Sealed rural roads (SRR) – regional	133	317	400	584
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	264	35	–	(229)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	4	–	–	(4)
Parking areas	–	–	–	–
Footpaths	136	–	234	97
Aerodromes	–	–	–	–
Other transport and communication	574	308	–	(266)
Total transport and communication	4,995	3,420	2,562	987
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	255	120	–	(135)
Total economic affairs	255	120	–	(135)
Totals – functions	16,166	8,104	3,135	(4,927)
General purpose revenues ⁽¹⁾		9,247		9,247
Share of interests – joint ventures and associates using the equity method	–	203		203
NET OPERATING RESULT ⁽²⁾	16,166	17,554	3,135	4,523

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Special Schedules 2016

Blayney Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)
for the year ended 30 June 2016

\$'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
Loans (by source)									
Commonwealth government	-	-	-	-	-	-	-	-	-
Treasury corporation	-	-	-	-	-	-	-	-	-
Other state government	-	-	-	-	-	-	-	-	-
Public subscription	-	-	-	-	-	-	-	-	-
Financial institutions	178	2,171	-	177	-	-	151	190	1,982
Other	-	-	-	-	-	-	-	-	-
Total loans	178	2,171	-	177	-	-	151	190	1,982
Other long term debt									
Ratepayers advances	-	-	-	-	-	-	-	-	-
Government advances	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Deferred payments	-	-	-	-	-	-	-	-	-
Total long term debt	-	-	-	-	-	-	-	-	-
Total debt	178	2,171	-	177	-	-	151	190	2,172

Notes: excludes (i) internal loans and (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).

Blayney Shire Council

Special Schedule 2(b) – Statement of Internal Loans [Section 410(3) of the *Local Government Act 1993*]
for the year ended 30 June 2016

\$'000

Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (principal and interest)	Principal outstanding at end of year
General Water Sewer Domestic waste management Gas Other	1,050	245	-
Totals	1,050	245	-

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. and 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	-
Totals							1,050	245	-

Blayney Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	405	324
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	162	27
b. Maintenance expenses	–	–
– Pumping stations		
c. Operation expenses (excluding energy costs)	52	3
d. Energy costs	16	19
e. Maintenance expenses	–	–
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	285	259
g. Chemical costs	–	24
h. Energy costs	34	48
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	–	–
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	520	503
b. Plant and equipment	24	20
4. Miscellaneous expenses		
a. Interest expenses	57	75
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,555	1,302

Blayney Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
Income		
6. Residential charges (including rates)	1,030	1,024
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	131	104
8. Trade waste charges		
a. Annual fees	2	8
b. Usage charges	130	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	–
10. Interest income	172	179
11. Other income	5	2
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	56
b. Grants for pensioner rebates	13	13
c. Other grants	7	29
13. Contributions		
a. Developer charges	20	17
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>1,510</u>	<u>1,432</u>
15. Gain (or loss) on disposal of assets	8	–
16. Operating result	<u>(37)</u>	<u>130</u>
16a. Operating result (less grants for acquisition of assets)	(37)	74

Blayney Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	262	314
d. Plant and equipment	80	42
18. Repayment of debt	34	207
19. Totals	<u>376</u>	<u>563</u>
Non-operating funds employed		
20. Proceeds from disposal of assets	8	–
21. Borrowing utilised	–	–
22. Totals	<u>8</u>	<u>–</u>
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	1,458	1,452
b. Residential (unoccupied, ie. vacant lot)	135	132
c. Non-residential (occupied)	243	226
d. Non-residential (unoccupied, ie. vacant lot)	46	42
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 15,063	\$ 14,822

Blayney Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	800	–	800
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	4,357	–	4,357
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	36	–	36
c. User charges	–	–	–
d. Other	–	–	–
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	20,044	20,044
b. Plant and equipment	–	172	172
30. Other assets	–	–	–
31. Total assets	<u>5,193</u>	<u>20,216</u>	<u>25,409</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	20	–	20
34. Borrowings	37	650	687
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
36. Total liabilities	<u>57</u>	<u>650</u>	<u>707</u>
37. NET ASSETS COMMITTED	<u>5,136</u>	<u>19,566</u>	<u>24,702</u>
EQUITY			
38. Accumulated surplus			9,444
39. Asset revaluation reserve			15,258
40. TOTAL EQUITY			<u>24,702</u>
Note to system assets:			
41. Current replacement cost of system assets			29,592
42. Accumulated current cost depreciation of system assets			(9,548)
43. Written down current cost of system assets			<u>20,044</u>

Blayney Shire Council

Notes to Special Schedule 5 for the year ended 30 June 2016

Administration ⁽¹⁾

(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 ⁽¹⁾

(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 and 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 is for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's sewerage revenue.

Residential charges ⁽²⁾ (item 6 of Special Schedule 5) include all income from residential charges.

Non-residential charges ⁽²⁾ (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) includes all income not recorded elsewhere.

Other contributions (item 13c of Special Schedule 5) including capital contributions for sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

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

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

Blayney Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
								1	2	3	4	5	
Buildings	Council	56	2	15	97	986	2,698	93%	4%	3%	0%	0%	
	Offices/Administration	104	23	34	138	1,365	2,438	56%	38%	4%	2%	0%	
	Council Works Depot	424	123	9	8	195	833	13%	19%	38%	30%	0%	
	Libraries	283	-	5	0	208	377	0%	100%	0%	0%	0%	
	CentrePoint	-	-	82	243	2,945	5,162	0%	100%	0%	0%	0%	
	Buildings including Amenities	503	267	50	93	1,269	2,254	45%	25%	6%	15%	9%	
	Other Buildings	2,409	1,259	-	-	5,107	8,742	40%	23%	8%	14%	15%	
	Sub-total	3,779	1,674	195	578	12,074	22,503	37.7%	41.4%	5.9%	8.3%	6.7%	
	Roads	Sealed roads	6,359	2,785	510	640	40,943	55,379	36%	46%	9%	2%	7%
		Unsealed roads	13,019	4,652	500	879	6,803	15,478	6%	23%	34%	29%	8%
Bridges		2,086	846	50	2	22,591	26,432	87%	3%	4%	3%	3%	
Footpaths		1,804	282	25	66	3,721	5,675	25%	30%	34%	7%	4%	
Bulk earthworks		-	-	-	-	11,625	11,625	100%	-	-	-	0%	0%
Kerb & Gutter		2,053	350	15	42	6,032	8,810	17%	52%	23%	8%	0%	
Formations		-	-	-	-	40,603	40,603	100%	-	-	-	0%	0%
Roadside Furniture		499	222	550	143	1,742	2,428	46%	27%	9%	12%	6%	
Culverts		-	-	-	-	783	1,634	0%	0%	100%	0%	0%	
Sub-total		25,820	9,138	1,650	1,771	134,842	168,064	59.6%	21.9%	10.2%	4.6%	3.7%	
Sewerage network	Gravity Reticulations	4,825	2,821	250	36	10,291	15,199	42%	15%	5%	38%	0%	
	Rising mains	143	-	50	3	4,687	5,972	63%	34%	3%	0%	0%	
	Sewerage Treatment Plant	-	-	127	306	2,507	4,301	1%	99%	0%	0%	0%	
	Pump Stations	271	180	-	39	2,092	3,553	17%	73%	0%	10%	0%	
	Sub-total	5,239	3,002	427	384	19,577	29,025	37.2%	38.5%	3.2%	21.1%	0.0%	

Blayney Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
								1	2	3	4	5	
Stormwater drainage	Stormwater Pipes/Lines	14	15	-	19	7,192	8,397	3%	97%	0%	0%	0%	0%
	Stormwater Pits	87	10	-	1	147	201	42%	0%	58%	0%	0%	0%
	Sub-total	101	25	-	20	7,339	8,598	3.9%	94.7%	1.4%	0.0%	0.0%	0.0%
Open space/recreational assets	Fencing	497	38	40	25	513	746	19%	17%	57%	7%	0%	0%
	Park Furniture	715	46	-	-	1,908	2,672	20%	42%	35%	4%	0%	0%
	Roofing/Shadesails	-	-	-	-	154	218	0%	100%	0%	0%	0%	0%
	Sub-total	1,212	84	40	25	2,575	3,636	18.6%	40.0%	37.4%	4.4%	-0.4%	0.0%
	TOTAL – ALL ASSETS	36,151	13,923	2,312	2,779	176,407	231,826	51.9%	28.8%	9.0%	6.9%	3.4%	0.0%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Blayney Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

\$ '000	Amounts 2016	Indicator 2016	Prior periods	
			2015	2014
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	6,225	155.04%	120.09%	106.63%
Depreciation, amortisation and impairment	4,015			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	36,151	21.37%	5.35%	7.60%
Carrying value of infrastructure assets	169,167			
3. Asset maintenance ratio				
Actual asset maintenance	2,779	1.20	0.90	0.87
Required asset maintenance	2,312			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	13,923	6.01%	3.95%	
Gross replacement cost	231,826			
5. Capital expenditure ratio				
Annual capital expenditure	7,080	1.35	1.11	0.98
Annual depreciation	5,230			

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

⁽¹⁾ Asset renewals represent the replacement and/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.

Blayney Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

<p>1. Infrastructure renewals ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>59%</td> </tr> <tr> <td>2014</td> <td>107%</td> </tr> <tr> <td>2015</td> <td>120%</td> </tr> <tr> <td>2016</td> <td>155%</td> </tr> </tbody> </table>	Year	Ratio %	2013	59%	2014	107%	2015	120%	2016	155%	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2015/16 result</p> <p>2015/16 Ratio 155.04%</p> <p>Council expenditure on renewals in 2015/16 financial year was majorly impacted by a \$1.635M expenditure on the renewal and some realignment 2.6km of an arterial road.</p>
Year	Ratio %											
2013	59%											
2014	107%											
2015	120%											
2016	155%											
<p>Benchmark: Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p> <p>Ratio achieves benchmark (Green) Ratio is outside benchmark (Red)</p>												
<p>2. Infrastructure backlog ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>13.0%</td> </tr> <tr> <td>2014</td> <td>7.6%</td> </tr> <tr> <td>2015</td> <td>5.4%</td> </tr> <tr> <td>2016</td> <td>21.4%</td> </tr> </tbody> </table>	Year	Ratio %	2013	13.0%	2014	7.6%	2015	5.4%	2016	21.4%	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 2015/16 result</p> <p>2015/16 Ratio 21.37%</p> <p>Council's infrastructure backlog ratios has increased due to a change in the method of calculating this ratio</p>
Year	Ratio %											
2013	13.0%											
2014	7.6%											
2015	5.4%											
2016	21.4%											
<p>Benchmark: Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p> <p>Ratio achieves benchmark (Green) Ratio is outside benchmark (Red)</p>												
<p>3. Asset maintenance ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>0.68</td> </tr> <tr> <td>2014</td> <td>0.87</td> </tr> <tr> <td>2015</td> <td>0.90</td> </tr> <tr> <td>2016</td> <td>1.20</td> </tr> </tbody> </table>	Year	Ratio (x)	2013	0.68	2014	0.87	2015	0.90	2016	1.20	<p>Purpose of asset maintenance ratio</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>Commentary on 2015/16 result</p> <p>2015/16 Ratio 1.20 x</p> <p>Council has achieved greater than 1.0 for this ratio and expects that it will continue to improve as council is now resourced to undertake budgeted maintenance.</p>
Year	Ratio (x)											
2013	0.68											
2014	0.87											
2015	0.90											
2016	1.20											
<p>Benchmark: Minimum > 1.00 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p> <p>Ratio achieves benchmark (Green) Ratio is outside benchmark (Red)</p>												
<p>4. Cost to bring assets to agreed service level</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>3.95%</td> </tr> <tr> <td>2016</td> <td>6.01%</td> </tr> </tbody> </table>	Year	Ratio %	2015	3.95%	2016	6.01%	<p>Purpose of agreed service level ratio</p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p>Commentary on 2015/16 result</p> <p>2015/16 Ratio 6.01%</p> <p>Council is progressively addressing renewal works and expects that this ratio will continue improve.</p>				
Year	Ratio %											
2015	3.95%											
2016	6.01%											
<p>Benchmark: Minimum > 1.10 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p> <p>Ratio achieves benchmark (Green) Ratio is outside benchmark (Red)</p>												
<p>5. Capital expenditure ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>0.57</td> </tr> <tr> <td>2014</td> <td>0.98</td> </tr> <tr> <td>2015</td> <td>1.11</td> </tr> <tr> <td>2016</td> <td>1.35</td> </tr> </tbody> </table>	Year	Ratio (x)	2013	0.57	2014	0.98	2015	1.11	2016	1.35	<p>Purpose of capital expenditure ratio</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>Commentary on 2015/16 result</p> <p>2015/16 Ratio 1.35 x</p> <p>Council's capital expenditure continues to exceed depreciation and is expected to continue to improve</p>
Year	Ratio (x)											
2013	0.57											
2014	0.98											
2015	1.11											
2016	1.35											
<p>Benchmark: Minimum > 1.10 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p> <p>Ratio achieves benchmark (Green) Ratio is outside benchmark (Red)</p>												

Blayney Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

\$ '000	Sewer 2016	General ⁽¹⁾ 2016
Infrastructure asset performance indicators by fund		
1. Infrastructure renewals ratio		
Asset renewals ⁽²⁾	50.44%	170.26%
Depreciation, amortisation and impairment		
prior period:	67.95%	128.36%
2. Infrastructure backlog ratio		
Estimated cost to bring assets to a satisfactory standard	26.76%	20.66%
Carrying value of infrastructure assets		
prior period:	8.09%	4.99%
3. Asset maintenance ratio		
Actual asset maintenance	0.90	1.27
Required asset maintenance		
prior period:	0.43	0.99
4. Cost to bring assets to agreed service level		
Estimated cost to bring assets to an agreed service level set by Council	10.34%	5.39%
Gross replacement cost		
prior period:	0.00%	0.00%
5. Capital expenditure ratio		
Annual capital expenditure	0.63	1.44
Annual depreciation		
prior period:	0.68	1.16

Notes

(1) General fund refers to all of Council's activities except for its sewer activity which is listed separately.

(2) Asset renewals represent the replacement and/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.

Blayney Shire Council

Special Schedule 8 – Permissible Income Calculation
for the year ended 30 June 2017

\$'000		Calculation 2015/16	Calculation 2016/17
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	8,130	8,566
Plus or minus adjustments ⁽²⁾	b	15	79
Notional general income	c = (a + b)	8,145	8,645
Permissible income calculation			
Special variation percentage ⁽³⁾	d	5.11%	0.00%
Or rate peg percentage	e	2.40%	1.80%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	(485)
Plus special variation amount	h = d x (c – g)	416	–
Or plus rate peg amount	i = c x e	–	147
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	8,562	8,307
Plus (or minus) last year's carry forward total	l	20	16
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	20	16
Total permissible income	o = k + n	8,582	8,323
Less notional general income yield	p	8,566	8,532
Catch-up or (excess) result	q = o – p	16	(209)
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	1
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	16	(208)

Notes

- (1) 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.
- (2) 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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) 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.
- (5) 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.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



AUDITOR'S REPORT
PERMISSIBLE GENERAL INCOME (SPECIAL SCHEDULE No.8)
OF BLAYNEY SHIRE COUNCIL

Scope

We have audited the special purpose financial report comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Blayney Shire Council for the 2016-'17 financial year.

Responsibility of Council for Special Schedule No. 8

The Council is responsible for the preparation and fair presentation of Special Schedule No. 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 24. 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. 8 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. 8 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. 8 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 8. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 8, 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. 8.

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. 8 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 8) which shows a carry forward excess total for 2016-'17 of **two hundred and seven thousand, nine hundred and thirty three dollars (\$207,933)** 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.



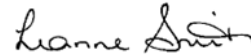
Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the fact that Special Schedule 8 - 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.



intentus

291 Stewart Street
Bathurst
Dated: 28 October 2016



**LR Smith
Director**



Quarterly Budget Review 2016-2017

Period ending 30-September-2016

Blayney Shire Council

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Table of Contents	page
1. Responsible Accounting Officer's Statement	2
2. Income & Expenses Budget Review Statement's	3
Income & Expenses Budget Review Statement (Type)	4
Income & Expenses Budget Review Statement (Function)	5
Income & Expenses Budget Review Statement (Function/Activity - Detailed)	6
Income & Expenses Budget Review Statement Variance Analysis	8
3. Capital Budget Review Statement	9
Capital Budget Review Statement - Detailed	10
Capital Budget Review Statement Variance Analysis	13
4. Cash & Investments Budget Review Statement	14
5. Key Performance Indicator (KPI) Budget Review Statement	16
6. Contracts & Other Expenses Budget Review Statement	18
7. Loans Summary	20


Blayney Shire Council

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

It is my opinion that the Quarterly Budget Review Statement for Blayney Shire Council for the quarter ended 30/09/16 indicates that Council's projected financial position at 30/6/17 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:  _____
Tiffany Irlam
Responsible Accounting Officer

date: 14/11/2016

Blayney Shire Council

PART 1:

Income & Expenses Budget Summary

Budget review for the quarter ended 30 September 2016

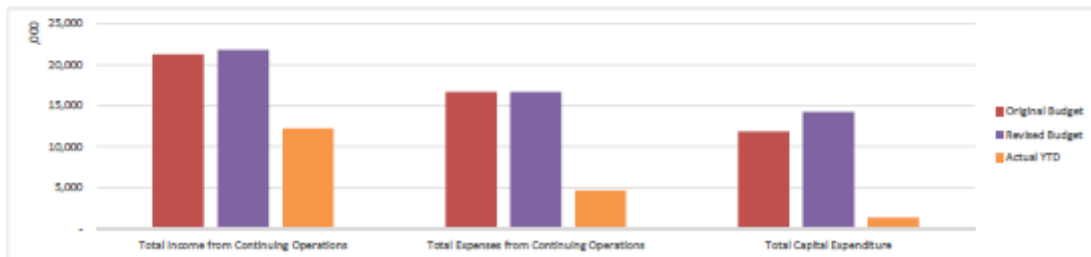
Income & Expenses - Council Consolidated

(\$'000's)

Quarterly Budget Review Statement

for the period 01/07/16 to 30/09/16

	Original Budget \$ '000	Carry Forwards \$ '000	Other than by GBRs \$ '000	Revised Budget Last Qtr	Variations for this Sep Qtr	Revised Budget Current	Actual YTD figures
Total Income from Continuing Operations	21,271	-	500	21,771	131	21,502	12,200
Total Expenses from Continuing Operations	16,635	-	-	16,635	234	16,869	4,639
Net Operating Result from Continuing Operations	4,636	-	500	5,136	(103)	4,633	7,561
Total Capital Expenditure	11,875	757	1,560	14,192	816	15,008	1,326



Blayney Shire Council
PART 2:
Income & Expenses Budget Review Statement

Quarterly Budget Review Statement
 for the period 01/07/16 to 30/09/16

Budget review for the quarter ended 30 September 2016
Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2016/17	Approved Changes		Revised Budget 2016/17	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures	% Budget
		Carry Forwards	Other than by QBRs						
Income									
Rates and Annual Charges	10,408			10,408			10,408	10,492	101%
User Charges and Fees	1,973			1,973			1,973	437	22%
Interest and Investment Revenues	385			385			385	168	44%
Other Revenues	168			168	22	1	190	39	21%
Grants & Contributions - Operating	4,250		500	4,750	-	2	4,750	693	15%
Grants & Contributions - Capital	3,908			3,908	74	3	3,982	253	6%
Net gain from disposal of assets	179			179	35	4	214	118	55%
Share of Interests In Joint Ventures	-			-			-	-	
Total Income from Continuing Operations	21,271	-	500	21,771	131		21,902	12,200	68%
Expenses									
Employee Costs	5,886			5,886			5,886	1,604	27%
Borrowing Costs	177			177			177	36	20%
Materials & Contracts	2,593			2,593	117	6,9,13	2,710	683	25%
Depreciation	5,344			5,344			5,344	1,336	25%
Legal Costs	55			55			55	16	29%
Consultants	137			137	(1)		136	36	26%
Other Expenses	2,443			2,443	118	5,10,12	2,561	928	36%
Total Expenses from Continuing Operations	16,635	-	-	16,635	234		16,869	4,639	27%
Net Operating Result from Continuing Operation	4,636	-	500	5,136	(103)		5,033	7,561	
Discontinued Operations - Surplus/(Deficit)									
Net Operating Result from All Operations	4,636	-	500	5,136	(103)		5,033	7,561	
Net Operating Result before Capital Items	728	-	500	1,228	(177)		1,051	7,308	

* This is not a projection of the year end result as rates and annual charges are levied in full in July. There are other income and expenditure items that vary in nature when paid or received (fixed or variable e.g. weekly, monthly or annually).

Blayney Shire Council
PART 3:
Income & Expenses Budget Review Statement

Quarterly Budget Review Statement
 for the period 01/07/16 to 30/09/16

Budget review for the quarter ended 30 September 2016
Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2016/17	Approved Changes		Revised Budget 2016/17	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs					
Income								
Governance	-			-	3	1	3	1
Administration	476			476	66	1,2,4	542	166
Public Order & Safety	337			337	(12)	2	325	2
Health	6			6			6	-
Environment	1,675			1,675			1,675	1,207
Community Services & Education	2			2			2	-
Housing & Community Amenities	176			176			176	41
Sewer Supplies	1,456			1,456			1,456	1,001
Recreation & Culture	504			504	74	3	578	235
Manufacturing & Construction	433			433			433	47
Transport & Communication	5,740		500	6,240			6,240	454
Economic Affairs	145			145			145	13
General Purpose Revenue	10,321			10,321			10,321	9,033
Total Income from Continuing Operations	21,271	-	500	21,771	131		21,902	12,200
Expenses								
Governance	507			507	81	5	588	137
Administration	4,018			4,018	23	6	4,041	1,297
Public Order & Safety	474			474	17	7	491	126
Health	84			84	(22)	8	62	4
Environment	1,389			1,389	82	9	1,471	339
Community Services & Education	20			20	-		20	12
Housing & Community Amenities	483			483	12	10	495	138
Sewer Supplies	1,336			1,336	12	11	1,348	317
Recreation & Culture	2,679			2,679	15	12	2,694	668
Manufacturing & Construction	471			471	-		471	91
Transport & Communication	4,900			4,900			4,900	1,451
Economic Affairs	274			274	14	13	288	59
Total Expenses from Continuing Operations	16,635	-	-	16,635	234		16,869	4,639
Net Operating Result from Continuing Operation	4,636	-	500	5,136	(103)		5,033	7,561
Discontinued Operations - Surplus/(Deficit)								
Net Operating Result from All Operations	4,636	-	500	5,136	(103)		5,033	7,561
Net Operating Result before Capital Items	728		500	1,228	(177)		1,051	7,308

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Blayney Shire Council
PART 3A:
Operating Income & Expenses Budget Review Statement (By Function/Activity - Detailed)

Budget review for the quarter ended 30 September 2016

Operating Income & Expenses - Council Council (Excludes Capital Grants & Contributions)

(\$000's)	Operating Income				Operating Expenditure				Actual YTD figures	Actual %	
	Original Budget \$ 000	Other than by OBRIS \$ 000	Revised Budget for Sep Qtr	Variations for Sep Qtr	Original Budget \$ 000	Other than by OBRIS \$ 000	Revised Budget for Sep Qtr	Variations for Sep Qtr			Projected Year End Result
Governance Council	-	-	3	1	3	1	507	81	588	137	23.7%
Administration											
Corporate Services	211	-	30	1.2	241	36	2,654	36	2,690	742	27.6%
Engineering & Works	81	-	81	10.0%	81	11	1,105	(12)	1,094	475	43.4%
Environmental	4	-	4	100.0%	4	1	250	-	250	50	20.0%
	296	-	296	100.0%	326	48	4,019	24	4,044	1,257	31.1%
Public Order & Safety											
Rural Fire Service	58	-	(11)	0.0%	47	2	352	7	359	78	21.7%
Animal Control	10	-	10	100.0%	10	2	81	10	91	30	33.0%
Emergency Services	7	-	7	100.0%	7	41	41	-	41	18	43.9%
	75	-	75	100.0%	64	2	474	17	491	126	26.1%
Health Administration/Food Control											
Administration/Food Control	6	-	6	100.0%	6	-	84	(22)	62	4	6.5%
	6	-	6	100.0%	6	-	84	(22)	62	4	6.5%
Environment											
Noxious Plants	-	-	-	0.0%	-	-	70	-	70	69	98.6%
Domestic Waste Management	1,032	-	1,032	100.0%	1,032	1,165	815	82	897	149	16.0%
Other Waste Management	206	-	206	100.0%	206	42	195	-	195	59	30.2%
Street Cleaning	37	-	37	100.0%	37	-	156	-	156	37	23.7%
Urban Stormwater Drainage	-	-	-	0.0%	-	-	153	-	153	25	16.3%
	1,275	-	1,275	100.0%	1,275	1,207	1,389	82	1,471	339	26.6%
Community Services & Education											
Child Care	1	-	1	100.0%	1	1	10	1	10	10	100.0%
Aged & Disabled	1	-	1	100.0%	1	1	1	1	1	1	100.0%
Youth Services	1	-	1	100.0%	1	2	2	2	2	2	200.0%
Community Services Administration	2	-	2	100.0%	2	-	20	-	20	12	60.0%
Housing & Community Amenities											
Town Planning	133	-	133	100.0%	133	35	228	-	228	50	21.9%
Street Lighting	43	-	43	100.0%	43	6	105	12	117	30	25.6%
Public Amenities	-	-	-	0.0%	-	-	55	55	55	67	121.8%
Public Conveniences	176	-	176	100.0%	176	41	483	12	495	138	28.2%

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Blayney Shire Council
PART 3A:
Operating Income & Expenses Budget Review Statement (By Function/Activity - Detailed)

Budget review for the quarter ended 30 September 2016
Operating Income & Expenses - Council Council (Excludes Capital Grants & Contributions)

(5000's)	Operating Income				Operating Expenditure				Actual YTD figures	Actual %	
	Original Budget \$ 000	Other than by OBRs \$ 000	Revised Budget	Variations For Sep Qtr	Original Budget \$ 000	Other than by OBRs \$ 000	Revised Budget Last Qtr	Variations for Sep Qtr			Projected Year End Result
Recreation & Culture	34	-	34	0.0%	183	-	183	183	183	11	6.0%
Public Libraries	15	-	15	33.3%	143	-	143	143	143	48	33.6%
Public Halls	6	-	6	776.7%	255	-	255	255	255	63	24.7%
Sporting Grounds	3	-	3	186.7%	118	-	118	118	118	16	13.6%
Blayney Showground	13	-	13	7.7%	1,029	-	1,029	1,029	1,029	260	25.3%
Parks & Gardens	359	-	359	33.2%	945	-	945	945	945	266	28.7%
Centrepont Sport & Leisure	-	-	-	0.0%	6	-	6	6	6	21	19.0%
Other Cultural Services	460	-	460	31.7%	2,679	-	2,679	2,679	2,679	668	24.9%
Mining Manufacturing & Construction	109	-	109	19.3%	173	-	173	173	173	32	18.6%
Building Control	324	-	324	8.0%	298	-	298	298	298	59	19.8%
Quarries & Pits	433	-	433	10.3%	471	-	471	471	471	91	19.3%
Transport & Communication	2,023	500	2,523	7.7%	3,852	-	3,852	3,852	3,852	1,235	32.3%
Local Roads	316	-	316	25.6%	111	-	111	111	111	28	25.2%
Regional Roads	217	-	217	2.3%	167	-	167	167	167	26	15.6%
State Roads	-	-	-	0.0%	424	-	424	424	424	79	18.6%
Bridges - Local	11	-	11	0.0%	-	-	-	-	-	-	0.0%
Bridges - Regional	-	-	-	0.0%	96	-	96	96	96	17	17.7%
Footpaths	-	-	-	0.0%	116	-	116	116	116	21	18.1%
Kerb and Gutter	17	-	17	0.0%	133	-	133	133	133	45	33.8%
Other Transport and Communication	2,584	500	3,084	9.7%	4,899	-	4,899	4,899	4,899	1,451	29.6%
Economic Affairs	3	-	3	0.0%	151	-	151	151	151	38	25.2%
Tourism & Area Promotion	72	-	72	0.0%	52	-	52	52	52	4	7.7%
Industrial Development & Promotion	70	-	70	20.2%	55	-	55	55	55	17	30.9%
Real Estate	145	-	145	-2.9%	-	-	-	-	-	-	403.0%
Initial Units	-	-	-	9.0%	274	-	274	274	274	59	21.5%
Other Business - Private Works	10,322	-	10,322	87.5%	-	-	-	-	-	-	0.0%
General Purpose Revenue	1,410	-	1,410	71.0%	1,336	-	1,336	1,336	1,348	317	23.5%
Sewerage Services	17,164	500	17,664	22	16,605	-	16,605	235	16,871	4,639	27.5%

*Rate expense figures include depreciation

Blayney Shire Council
PART 3B:

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details	Variations to:	
	Income \$000	Expenditure \$000
1 Recognise reimbursement of Audit Committee expenses Recognise StateCover performance rebate S.611 Gas mains annual charge	3 15 4 22	
2 Emergency Services Property Levy - Implementation Funds Decrease in RFS Hazard Reduction works contribution	11 (11) 0	
3 Grant funding from Department of Lands - Redmond Oval bore Grant funding from Public Reserve Management Fund - Blayney Showground accessible concrete pathways & bench seating	27 47 74	
4 Trade In 2 x John Deere 5720 Tractors	35 35	
5 Developer Coordinator program - reallocate from Village Enhancement Program Other minor adjustments		80 1 81
6 Costs associated with the introduction of the Emergency Services Levy (ESPL) Work Place Health & Safety Initiatives - StateCover performance rebate Other minor adjustments		11 15 (3) 23
7 Reallocate proportion of salaries from housing and community services to animal control Increased contribution to Rural Fire Services		10 7 17
8 Reallocate salaries from health to cover casual staff undertaking Cemeteries mapping project		(22) (22)
9 Reallocate allocation of Neville landfill closure from capital to operational		82 82
10 Reallocate proportion of salaries from housing and community services to animal control Reallocate salaries from health to cover casual staff undertaking Cemeteries mapping project		(10) 22 12
11 Reallocate training budget from works to sewer		12 12
12 Museums Sustainable Collections program		15 15
13 Carryover Winter Wonderland expenses Inala Units - additional maintenance costs on vacant units		10 4 14
	131	234

Blayney Shire Council
PART 4:
Capital Budget Review Statement

Quarterly Budget Review Statement
 for the period 01/07/16 to 30/09/16

Budget review for the quarter ended 30 September 2016
Capital Budget - Council Consolidated

(\$000's)	Original Budget 2016/17	Approved Changes		Revised Budget 2016/17	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRS					
Capital Expenditure								
New Assets								
- Plant & Equipment	84			84	-		84	-
- Land & Buildings	-	10		10	-		10	-
- Sewer	-			-	75	c	75	75
- Other	100	17		117	(100)	b	17	11
Renewal Assets (Replacement)								
- Plant & Equipment	1,943		280	2,223	693	d	2,916	723
- Land & Buildings	603	33		636	93	a	729	69
- Roads, Bridges, Footpaths	7,950	566	1,280	9,796	-		9,796	293
- Sewer	478			478	-		478	31
Other Expenditure	564	131		695	55	c	750	99
Loan Repayments (Principal)	153			153	-		153	25
Total Capital Expenditure	11,875	757	1,560	14,192	816		15,008	1,326
Capital Funding								
Rates & Other Untied Funding	4,584			4,584	(117)		4,467	1,085
Capital Grants & Contributions	4,742		500	5,242	73		5,315	-
Reserves:								
- External Restrictions/Reserves	132			132	85		217	75
- Internal Restrictions/Reserves	2,264	757	1,060	4,081	775		4,856	141
New Loans	-			-	-		-	-
Receipts from Sale of Assets								
- Plant & Equipment	-			-	-		-	-
- Land & Buildings	-			-	-		-	-
Loan Repayments (Principal)	153			153	-		153	25
Total Capital Funding	11,875	757	1,560	14,192	816		15,008	1,326
Net Capital Funding - Surplus/(Deficit)	-	-	-	-	-		-	-

Blayney Shire Council

PART 4A:

Capital Budget Review Statement

Quarterly Budget Review Statement

for the period 01/07/16 to 30/09/16

Budget review for the quarter ended 30 September 2016

Capital Budget - Council Consolidated

(\$000's)		Original Budget 2015/16	Carry Forwards	Other than by QBRS	Revised Budget 2015/16	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures	%
Capital Expenditure										
LAND & BUILDINGS										
	R	40			40			40	2	5%
	R	30			30			30		0%
	R	6			6			6		0%
	R	260	4		264			264	1	0%
	R	10			10			10		0%
	R	5			5			5	6	120%
	R	30			30			30	16	53%
	R	7			7			7		0%
	R	15			15			15		0%
	R	50	15		65			65	29	45%
	R	-	12		12			12		0%
	R	-			-			-	6	0%
	R	-			-	40	a	40	4	10%
	N	-	10		10			10		0%
	R	150	2		152	50	a	202	5	2%
	R	-			-	3	a	3		0%
		603	43	-	646	93		739	69	9%
OTHER STRUCTURES										
	N	100			100	(100)	b	-		0%
	R	30			30			30		0%
	R	82			82	(82)	c	-		0%
	R	40			40			40		0%
	N	-	12		12			12		0%
	R	100	88		188			188	42	22%
	N	-			-	26	c	26		0%
	N	-	10		10			10		0%
	R	-	20		20			20		0%
	R	-			-	47	c	47		0%
	R	65			65			65	3	5%
	R	78			78			78		0%
	R	100			100	(100)	c	-	3	0%
	R	10			10	1	c	11	1	9%
	R	10			10	12	c	22		0%
	R	10			10	22	c	32	4	13%
	R	10			10	47	c	57	8	14%
	R	10			10	8	c	18	1	6%
	R	5			5	11	c	16	6	38%
	R	5			5	31	c	36		0%
	R	10			10	12	c	22	3	14%
	R	-	1		1			1	11	1100%
	N	-	17		17			17	11	65%
	N	-			-	20	c	20	-	0%
	R	-			-			-	8	0%
	R	-			-			-	9	0%
		665	148	-	813	(45)		768	110	14%
INFRASTRUCTURE										
Local Roads - Construction										
	R	3,255			3,255			3,255	121	4%
	R	1,218	78		1,296			1,296		0%
	R	545		530	1,075			1,075		0%
		5,018	78	530	5,626	-		5,626	121	2%
Local Roads - Reseal Program										
	R	524			524			524		0%
		524	-	-	524	-		524	-	0%
Regional Roads										
	R	331			331			331		0%
		331	-	-	331	-		331	-	0%

Blayney Shire Council

PART 4A:

Capital Budget Review Statement

Quarterly Budget Review Statement

for the period 01/07/16 to 30/09/16

Budget review for the quarter ended 30 September 2016

Capital Budget - Council Consolidated

('\$000's)		Original Budget 2015/16	Carry Forwards	Other than by QBRS	Revised Budget 2015/16	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures	%
Bridges										
R	Browns Creek Road Cowriga Creek	154			154			154		0%
R	Felltimber Road Coombing Creek	337			337			337		0%
R	Kinds Lane, Grubbenbun Creek	160			160			160		0%
R	Leabeater Street Grubbenbun Creek	120			120			120		0%
R	Newbridge Road, Liscombes Creek	15			15			15		0%
R	Pillochry Road, Unknown	51			51			51		0%
R	Culvert Renewal - Brady Road - MWH+0.1km	150			150			150		0%
R	Carcoar Rd, Cowriga Creek		52		52			52		0%
R	Coombing St Belubula River		236		236			236		0%
R	Gallymont Road, Gallymont Creek		10		10			10		0%
R	Snake Creek		21		21			21	4	19%
	TOTAL BRIDGES	987	319	-	1,306	-		1,306	4	0%
Footpaths										
R	Renewals	42			42			42		0%
R	Tucker Street to Ewin Street (Blayney)	115			115			115		0%
R	Crowson St - Pearce to Stabback Street (Millthorpe)	48			48			48		0%
R	Sth Blayney Shared Path - Adelaide St	389	20		409			409	20	5%
R	Safe Pedestrian Crossing - Orange Rd/Church St		149		149			149	145	97%
	TOTAL FOOTPATHS	594	169	-	763	-		763	165	22%
Stormwater										
R	Enviro - Stormwater Drainage	96			96			96	3	3%
R	Enviro - UPSS Underground Tanks Remediation	400			400			400		0%
R	Drainage Works			750	750			750		0%
	TOTAL STORMWATER	496	-	750	1,246	-		1,246	3	0%
	TOTAL INFRASTRUCTURE	7,950	566	1,280	9,796	-		9,796	293	3%
PLANT & EQUIPMENT										
Light Vehicle										
R	Light Vehicle Replacement - Corporate Support	19			19			19		0%
R	Light Vehicle Replacement - Engineering	44			44			44	33	75%
N	Light Vehicle Replacement - Health	30			30			30		0%
	TOTAL LIGHT VEHICLE	93	-	-	93	-		93	33	35%
Minor Plant										
R	John Deere 5520 2wd	77			77			77	84	109%
R	Kanga mini-loader	67			67			67		0%
R	John Deere F1445 mower	51			51			51		0%
R	Hyster forklift	36			36			36		0%
R	2-3 Tonne Excavator	51			51			51		0%
R	Jakab Caravan	103			103			103		0%
R	Site Van	77			77			77		0%
R	Slasher	15			15			15		0%
R	Evenride mower	26			26			26		0%
R	Kubota Ride-on Mower	26			26			26		0%
R	Fuel trailer	51			51			51		0%
R	A-1 portable traffic lights	51			51			51	27	53%
R	Small plant & tools	31			31			31		0%
R	Light Vehicle Replacement - Plant	140			140			140	81	58%
R	ADCO Tractors								2	0%
R	True Blue Trailers								5	0%
R	Sander/Scaffolding								2	0%
	TOTAL MINOR PLANT	802	-	-	802	-		802	201	25%
Major Plant										
R	Isuzu NPR 300 garbage	67			67			67		0%
R	Hino Flocon	282			282			282		0%
R	Grader Cat 12H	318			318			318		0%
R	Grader					450	d	450	65	
R	JVB Backhoe 3CX-APC			132	132			132	132	100%
R	Volvo FMX Tipping Truck					242	d	242	243	100%
R	Roller Dynapac CA252D	164			164			164		0%
R	Roller Dynapac CA252D	164			164			164		0%
R	John Deere 6095MC Tractor			74	74			74		0%
R	John Deere 6095MC Tractor			74	74			74		0%
	TOTAL MAJOR PLANT	994	-	280	1,274	692		1,966	440	
Information Technology										
R	I.T Software/Hardware	84			84		1 d	85	49	58%
	TOTAL INFORMATION TECHNOLOGY	84	-	-	84	1		85	49	58%

Blayney Shire Council
PART 4A:

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Capital Budget Review Statement

Budget review for the quarter ended 30 September 2016
Capital Budget - Council Consolidated

(\$000's)		Original Budget 2015/16	Carry Forwards	Other than by QBRS	Revised Budget 2015/16	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures	%
Other Plant & Equipment Purchases										
	N	3			3			3		0%
	N	10			10			10		0%
	N	41			41			41		0%
										#DIV/0!
										#DIV/0!
		54	-	-	54	-	-	54	-	
TOTAL OTHER PLANT & EQUIPMENT PURCHASES										
		2,027	-	280	2,307	693		3,000	723	
TOTAL PLANT & EQUIPMENT										
Sewerage Services										
	N	65			65			65	4	6%
	N	55			55			55	25	45%
	R								75	
	R	20			20			20		0%
	R	150			150			150		0%
	N	70			70	75		145		0%
	R	43			43			43		0%
	R	60			60			60	1	2%
	R	15			15			15		0%
	R								1	#DIV/0!
										#DIV/0!
		478	-	-	478	75	-	553	106	
TOTAL SEWERAGE SERVICES										
Principal Loan Repayments										
		87			87			87	-	0%
		66			66			66	16	24%
		153	-	-	153	-	-	153	25	
Total Capital Expenditure										
		11,876	757	1,560	14,193	816		15,009	1,326	

Blayney Shire Council

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Cash & Investments Budget Review Statement

PART 5:

Budget review for the quarter ended 30 September 2016

Cash & Investments - Council Consolidated

(\$'000's)	Original Budget 2016/17	Approved Changes		Revised Budget 2016/17	Variations for this Sep Qtr	Notes	Projected Year End Result
		Carry Forwards	Other than by QBRs				
Externally Restricted ⁽¹⁾							
Developer Contributions - General	715			715			715
Developer Contributions - Sewer	800			800			800
Unexpended Grants	1,282			1,282	(10)	i	1,272
Sewerage funds	4,357			4,357	(75)	ii	4,282
Domestic Waste Management	439			439			439
Rates - SRV Mining	1,113			1,113			1,113
Total Externally Restricted	8,706	-	-	8,706	(85)		8,621
<small>(1) Funds that must be spent for a specific purpose</small>							
Internally Restricted ⁽²⁾							
Plant and vehicle replacement	1,636		(280)	1,356	(693)	iii	663
Employees leave entitlement	571			571			571
Asset Reserve - Transport	2,354	(566)	(780)	1,008			1,008
Asset Reserve - Buildings	351	(44)		307	(80)	iv	227
Asset Reserve - Parks & Recreation	507	(147)		360			360
Asset Reserve - Stormwater	147			147			147
Blayney Sports Facility Master Plans	170			170	(20)	v	150
Blayney town works	135			135			135
Cemeteries	1			1			1
CentrePoint Reserve	850			850			850
Election reserve	61			61			61
Environmental projects - Belubula river	54			54			54
Inala units	96			96			96
I.T reserve	63			63			63
King George Oval	200			200			200
Land fill remediations and assets	112			112			112
Property account	505			505			505
Quarry	295			295			295
Village enhancement program	124			124	(124)	vi	-
Total Internally Restricted	8,232	(757)	(1,060)	6,415	(917)		5,498
<small>(2) Funds that Council has earmarked for a specific purpose</small>							
Unrestricted (ie. available after the above Restrictions)	137	-	-	-	-		274
Total Cash & Investments	17,075	(757)	(923)	15,395	(1,002)		14,393

Blayney Shire Council
PART 5A:

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Cash & Investments Budget Review Statement

Cash

The Cash at Bank figure included in the Cash & Investment Statement totals \$20,700

This Cash at Bank amount has been reconciled to Council's physical Bank Statements. The date of completion of this bank reconciliation is 30/09/16

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:

\$ 000's

Cash at Bank (as per bank statements)	18,500
Investments on Hand	2,200
Reconciled Cash at Bank & Investments	20,700
Balance as per Review Statement:	20,700
Difference:	-

Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details	Variations \$000
i	Community Building Partnership - Showground Kitchen	(10) (10)
ii	Blayney Sewer - CCTV Camera	(75) (75)
iii	Budgeted transfers from Plant Reserve	
	- Volvo Truck	(243)
	- Grader	(450)
		(693)
iv	Budgeted transfer from ARR - Buildings	
	- Visitor Information Centre	(50)
	- Showground Kitchen	(30)
		(80)
v	Budgeted transfer from Blayney Sports Facility Master Plan Reserve - Skate Park	(20) (20)
vi	Budgeted transfer from Village Enhancement Plan Reserve	(124) (124)
TOTAL		(1,002)

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Blayney Shire Council
PART 6:

Key Performance Indicators Budget Review Statement - Industry KPI's (OLG)

Budget review for the quarter ended 30 September 2016

(\$000's)	Current Projection		Original Budget	Actuals Prior Periods
	16/17	16/17		
	16/17	16/17	16/17	15/16

NSW Local Government Industry Key Performance Indicators (OLG):

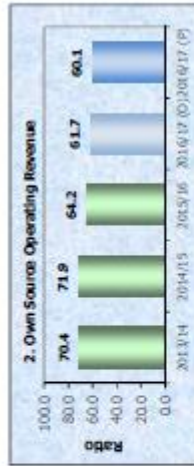
1. Operating Performance				
Operating Revenue (excl. Capital) - Operating Expenses	1051	17920	4.2	7.1
Operating Revenue (excl. Capital Grants & Contributions)			5.9	3.6

This ratio measures Council's achievement of containing operating expenditure within operating revenue.



2. Own Source Operating Revenue			
Operating Revenue (excl. ALL Grants & Contributions)	13170	21902	61.7
Total Operating Revenue (incl. Capital Grants & Cont)			60.1

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.



3. Unrestricted Current Ratio			
Current Assets less all External Restrictions	1	1	1.0
Current Liabilities less Specific Purpose Liabilities			4.6

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.



Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Blayney Shire Council
PART 6:

Key Performance Indicators Budget Review Statement - Industry KPI's (OLG)

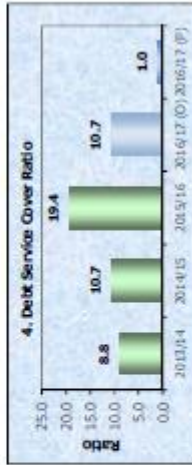
Budget review for the quarter ended 30 September 2016

(\$'000's)	Current Projection		Original Budget	Actuals	
	Amounts	Indicator		Prior Periods	
	16/17	16/17	16/17	15/16	14/15

NSW Local Government Industry Key Performance Indicators (OLG):

4. Debt Service Cover Ratio					
Operating Result before Interest & Dep. exp. (EBITDA)	1	1.0	10.7	19.4	10.7
Principal Repayments + Borrowing Interest Costs	1				

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



5. Rates, Annual Charges, Interest & Extra Charges Outstanding					
Rates, Annual & Extra Charges Outstanding	1	1.0	2.5	2.2	2.3
Rates, Annual & Extra Charges Collectible	1				

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



6. Cash Expense Cover Ratio					
Current Year's Cash & Cash Equivalents (incl Term Deposits)	1	1.0	1.0	17.3	13.7
Operating & financing activities Cash Flow payments	1				

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



Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Blayney Shire Council

PART 7:

Contracts Budget Review Statement

Budget review for the quarter ended 30 September 2016

Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)	Notes
Contracts Entered > \$0,000						
Clancy Motors	Works Operations - plant replacement	73,964	07/09/16	4 weeks	Y	
Contracts Paid > \$50,000						
CR Kennedy & Company	Works Operations - plant replacement	64,500	30/08/16		N	
Austeck Pty Ltd	Sewerage Treatment Plant - equipment	74,550	04/08/16		Y	
Hutcheon & Pearce	Works Operations - plant replacement	83,884	20/07/16		Y	
JCB Construction Equipment	Works Operations - plant replacement	132,500	26/07/16		Y	
Statewide Mutual	Motor Vehicle Insurance Policy	51,333	01/07/16	12 months	Y	
	Property Insurance Policy	96,676	01/07/16	12 months	Y	
	Public Liability & Professional Indemnity Policy	130,137	01/07/16	12 months	Y	
	Professional Indemnity - Councilors & Officers Policy	24,239	01/07/16	12 months	Y	
Upper Macquarie County Council	Contribution - Noxious Weeds Management	68,899	01/07/16	12 months	Y	
Voivo Commercial Vehicles	Works Operations - plant replacement	242,240	15/08/16		Y	
JR Richards	Domestic Waste Kerbside Collection	126,169	01/04/16	10 Years	Y	
Hadlow Earthmoving	Waste Facilities Management	121,495	01/07/16		Y	
	Equipment Hire	47,170	01/07/16		Y	
Tony Leashy Motor Group	Works Operations - plant replacement	38,063	13/07/16		Y	
	Works Operations - plant replacement	43,811	12/09/16		Y	
Orange City Council	1st Quarter CW Libraries Contribution	32,696	01/07/16		Y	
	RFS Contribution	37,648	01/07/16		Y	
Oilplus	Fuel	55,430	01/07/16		Y	

Blayney Shire Council
PART 7A:

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Consultancy & Legal Expenses Budget Review Statement

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)		Budgeted (Y/N)
Consultancies	35,789	1	Y
Legal Fees	15,575	2	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details

1	Impact Environmental Consulting - finalisation of waste contract	5,991
	Tableland Buttsworth Surveyors - Kings Plains Road	1,984
2	Crennan Legal - General	2,800
	Steele & Co - Cemeteries	4,221

--	--	--

--	--	--

--	--	--

--	--	--

Blayney Shire Council
PART 8:

Quarterly Budget Review Statement
for the period 01/07/16 to 30/09/16

Loans Summary

Budget review for the quarter ended 30 September 2016

(A) External Loans

	LOAN DETAILS	Original Principal	Opening Balance 1/7/16	Interest paid to date	Repayments to date	Closing Balance 30/9/16	Scheduled completion date
2	Milthorpe Sewer	900,000	695,470	13,930	22,737	686,663	26-Feb-28
4	Blayney Works Depot	600,000	328,898	5,384	13,708	320,574	04-Dec-23
5	Blayney Works Depot	600,000	350,120	5,179	12,933	342,366	21-Dec-24
7	Blayney Bridges Program (LIRS)	1,000,000	838,855	11,769	33,022	817,602	22-Jan-24
		3,100,000	2,213,342	36,262	82,400	2,167,204	