

Blayney Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

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



Blayney Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2015

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 08 October 2015. Council has the power to amend and reissue these financial statements.

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

More information

A review of Council's financial performance and position for the 14/15 financial year can be found at Note 28 of the financial statements.

Blayney Shire Council**General Purpose Financial Statements**
for the financial year ended 30 June 2015**Statement by Councillors and Management**
made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Council made on 14 September 2015.



S J Ferguson
MAYOR



A J Ewin
COUNCILLOR



R Ryan
GENERAL MANAGER



D Mead
RESPONSIBLE ACCOUNTING OFFICER

Blayney Shire Council

Income Statement

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
8,424	Rates & Annual Charges	3a	9,846	7,796
1,067	User Charges & Fees	3b	2,419	2,018
480	Interest & Investment Revenue	3c	473	480
364	Other Revenues	3d	280	213
2,925	Grants & Contributions provided for Operating Purposes	3e,f	3,439	2,076 ²
695	Grants & Contributions provided for Capital Purposes	3e,f	1,660	2,341
Other Income:				
-	Net gains from the disposal of assets	5	128	283
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	28	98
13,955	Total Income from Continuing Operations		18,273	15,305
Expenses from Continuing Operations				
4,831	Employee Benefits & On-Costs	4a	5,276	4,920
133	Borrowing Costs	4b	186	172
3,548	Materials & Contracts	4c	3,257	3,026
4,779	Depreciation & Amortisation	4d	4,827	4,718
-	Impairment	4d	-	-
1,545	Other Expenses	4e	2,321	2,065
14,836	Total Expenses from Continuing Operations		15,867	14,901
(881)	Operating Result from Continuing Operations		2,406	404
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(881)	Net Operating Result for the Year		2,406	404
(881)	Net Operating Result attributable to Council		2,406	404
-	Net Operating Result attributable to Non-controlling Interests		-	-
(1,576)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		746	(1,937)

¹ Original Budget as approved by Council - refer Note 16² Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to a change in how the grant was paid in prior years - refer Note 3 (e)

Blayney Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		2,406	404
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(64)	528
Total Items which will not be reclassified subsequently to the Operating Result		(64)	528
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Other Movements in reserves	20a	202	495
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		202	495
Total Other Comprehensive Income for the year		138	1,023
Total Comprehensive Income for the Year		2,544	1,427
Total Comprehensive Income attributable to Council		2,544	1,427
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Blayney Shire Council

Statement of Financial Position
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	866	2,181
Investments	6b	13,500	11,000
Receivables	7	808	772
Inventories	8	736	768
Other	8	20	18
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		15,930	14,738
Non-Current Assets			
Investments	6b	-	-
Receivables	7	237	32
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	185,195	184,665
Investments accounted for using the equity method	19	20,059	19,832
Investment Property	14	-	-
Intangible Assets	25	249	281
Total Non-Current Assets		205,740	204,809
TOTAL ASSETS		221,670	219,548
LIABILITIES			
Current Liabilities			
Payables	10	897	1,075
Borrowings	10	178	183
Provisions	10	1,445	1,343
Total Current Liabilities		2,520	2,601
Non-Current Liabilities			
Payables	10	1	1
Borrowings	10	2,171	2,506
Provisions	10	517	521
Total Non-Current Liabilities		2,689	3,028
TOTAL LIABILITIES		5,209	5,629
Net Assets		216,462	213,918
EQUITY			
Retained Earnings	20	83,327	80,719
Revaluation Reserves	20	133,135	133,199
Council Equity Interest		216,462	213,918
Non-controlling Equity Interests		-	-
Total Equity		216,462	213,918

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

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Blayney Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		61,482	133,199	194,681	-	194,681
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	19,237	-	19,237	-	19,237
Revised Opening Balance (as at 1/7/14)		80,719	133,199	213,918	-	213,918
c. Net Operating Result for the Year		2,406	-	2,406	-	2,406
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(64)	(64)	-	(64)
- Comprehensive Income of Joint Associates	20a	202	-	202	-	202
Other Comprehensive Income		202	(64)	138	-	138
Total Comprehensive Income (c&d)		2,608	(64)	2,544	-	2,544
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		83,327	133,135	216,462	-	216,462
2014						
Opening Balance (as per Last Year's Audited Accounts)		60,583	132,671	193,254	-	193,254
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	19,237	-	19,237	-	19,237
Revised Opening Balance (as at 1/7/13)		79,820	132,671	212,491	-	212,491
c. Net Operating Result for the Year		404	-	404	-	404
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	528	528	-	528
- Comprehensive Income of Joint Associates	20a	495	-	495	-	495
Other Comprehensive Income		495	528	1,023	-	1,023
Total Comprehensive Income (c&d)		899	528	1,427	-	1,427
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		80,719	133,199	213,918	-	213,918

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

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Blayney Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
8,383	Rates & Annual Charges		9,974	7,831
1,068	User Charges & Fees		2,333	2,014
484	Investment & Interest Revenue Received		459	453
3,626	Grants & Contributions		5,160	4,632
-	Bonds, Deposits & Retention amounts received		51	19
300	Other		1,070	744
Payments:				
(4,831)	Employee Benefits & On-Costs		(5,246)	(4,842)
(3,551)	Materials & Contracts		(4,242)	(3,337)
(122)	Borrowing Costs		(178)	(135)
(1,544)	Other		(2,536)	(2,116)
3,813	Net Cash provided (or used in) Operating Activities	11b	6,846	5,263
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		-	457
-	Sale of Real Estate Assets		71	113
-	Sale of Infrastructure, Property, Plant & Equipment		304	49
-	Deferred Debtors Receipts		-	2
Payments:				
-	Purchase of Investment Securities		(2,500)	(4,000)
(5,527)	Purchase of Infrastructure, Property, Plant & Equipment		(5,619)	(4,708)
-	Deferred Debtors & Advances Made		(75)	(20)
(5,527)	Net Cash provided (or used in) Investing Activities		(7,820)	(8,107)
Cash Flows from Financing Activities				
Receipts:				
1,175	Proceeds from Borrowings & Advances		-	1,000
Payments:				
(198)	Repayment of Borrowings & Advances		(340)	(119)
977	Net Cash Flow provided (used in) Financing Activities		(340)	881
(737)	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,315)	(1,963)
9,388	plus: Cash & Cash Equivalents - beginning of year	11a	2,181	4,144
8,651	Cash & Cash Equivalents - end of the year	11a	866	2,181
Additional Information:				
	plus: Investments on hand - end of year	6b	13,500	11,000
	Total Cash, Cash Equivalents & Investments		14,366	13,181
Please refer to Note 11 for additional cash flow information				

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

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Notes to the Financial Statements
for the financial year ended 30 June 2015

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n/a - not applicable

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

There were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

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

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying Council's accounting policies

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

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and (ii) all the related operating results (for the financial year ended the 30th June 2015).

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Blayney Sewerage Fund
- Millthorpe Sewerage Fund

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

(iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

(iv) Associates

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

Such entities are usually termed Associates.

Any interests in Associates are accounted for using the equity method and are carried at cost.

Detailed information relating to Council's interest in Associates can be found at Note 19(b).

(v) County Councils

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

▪ Upper Macquarie County Council

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

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

- Oberon Council

▪ Central Tablelands Water County Council

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

- Blayney Shire Council
- Cabonne Council
- Weddin Shire Council

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

Council is of the opinion that it has significant influence over the County Council/s and has accordingly accounted for it as an Associate.

Detailed information relating to Council's interest in the above County Council/s can be found at Note 19(b).

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Finance Leases

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

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

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

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

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and Other Financial Assets

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

- financial assets at fair value through profit or loss,

- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no

reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

adjustments are included in the income statement as gains and losses from investment securities.

Impairment

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

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

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

(iii) Types of Investments

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

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

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

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

will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

costs of completion and the estimated costs necessary to make the sale.

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **Sewerage Networks**
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- **Roads Assets incl. roads, bridges & footpaths** (Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements** (Internal Valuation)
- **Other Structures** (Internal Valuation)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

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

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

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

Capitalisation Thresholds

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

Land	
- council land	100% Capitalised
- open space	100% Capitalised
Plant & Equipment	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Buildings & Land Improvements

Park Furniture & Equipment > \$2,000

Building

- construction/extensions 100% Capitalised
- renovations > \$5,000

Other Structures

> \$2,000

Sewer AssetsReticulation extensions > \$5,000
Other > \$5,000**Stormwater Assets**Drains & Culverts > \$5,000
Other > \$5,000**Transport Assets**Road construction & reconstruction 100% Capitalised
Reseal/Re-sheet & major repairs: > \$10,000

Bridge construction & reconstruction 100% Capitalised

Other Infrastructure AssetsSwimming Pools > \$10,000
Other Open Space/Recreational Assets > \$10,000

Other Infrastructure

> \$10,000

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Buildings

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

Stormwater Drainage

- Drains 80 to 100 years
- Culverts 50 to 80 years

Transportation Assets

- Sealed Roads: Surface 20 years
- Sealed Roads: Structure 50 years
- Unsealed roads: Base 10 to 25 years
- Unsealed Roads: Sub Base 150 years

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

- Road Pavements 40 to 150 years
- Kerb, Gutter & Paths 40 years

Sewer Assets

- Reticulation pipes: PVC 80 years
- Reticulation pipes: Other 25 to 75 years
- Pumps and telemetry 15 to 20 years

Other Infrastructure Assets

- Bulk earthworks Infinite

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

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

Disposal and De-recognition

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

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

IT Development and Software

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

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

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

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

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

Council does not hold any investment property.

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

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

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

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

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

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property,

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

(s) Impairment of assets

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

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

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

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

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

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

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

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

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Defined Benefit Plans

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

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

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

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

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

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

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

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an

expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 156,544.

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

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 241,260 as at 30 June 2015.

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

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

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

(y) Self insurance

Council does not self insure.

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

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

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

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

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:**AASB 9 - Financial Instruments** (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

Not applicable to Local Government per se;

None

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).											
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		
	Original Budget	Actual 2015	Actual 2014	Original Budget	Actual 2015	Actual 2014	Original Budget	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2014
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2014
Governance	-	-	14	489	426	459	(489)	(426)	(445)	-	-	-
Administration	162	473	547	2,875	3,094	2,968	(2,713)	(2,621)	(2,421)	-	51	8,487
Public Order & Safety	16	61	66	555	393	448	(539)	(332)	(382)	-	-	1,152
Health	28	13	16	385	78	55	(357)	(65)	(39)	-	-	-
Environment	1,198	1,086	1,159	1,225	1,503	1,229	(27)	(417)	(70)	53	262	6,111
Community Services & Education	38	2	8	96	19	30	(58)	(17)	(22)	2	6	94
Housing & Community Amenities	183	216	186	384	457	461	(201)	(241)	(275)	47	22	24
Sewerage Services	1,507	1,432	1,609	1,558	1,332	993	(51)	100	616	98	54	25,228
Recreation & Culture	469	1,066	846	2,120	2,511	2,613	(1,651)	(1,445)	(1,767)	486	198	17,775
Mining, Manufacturing & Construction	190	394	428	204	420	492	(14)	(26)	(64)	-	-	528
Transport & Communication	1,625	4,458	4,614	4,766	5,298	4,856	(3,141)	(840)	(242)	1,324	1,123	141,059
Economic Affairs	71	286	155	179	336	297	(108)	(50)	(142)	-	-	1,153
Total Functions & Activities	5,487	9,487	9,648	14,836	15,867	14,901	(9,349)	(6,380)	(5,253)	2,010	1,716	201,611
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	28	98	-	-	-	-	28	98	-	-	20,059
General Purpose Income ¹	8,468	8,758	5,559	-	-	-	8,468	8,758	5,559	2,460	1,240	-
Operating Result from Continuing Operations	13,955	18,273	15,305	14,836	15,867	14,901	(881)	2,406	404	4,470	2,956	221,670
												219,548

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,463	1,345
Farmland		1,871	1,750
Mining		2,400	686
Business		291	263
Total Ordinary Rates		6,025	4,044
Special Rates			
Community Centre Refurbishment		275	275
Mining Special Rate		1,643	1,606
Total Special Rates		1,919	1,881
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		939	845
Sewerage Services		963	1,026
Total Annual Charges		1,902	1,871
TOTAL RATES & ANNUAL CHARGES		9,846	7,796

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Sewerage Services		174	132
Total User Charges		174	132
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		204	197
Private Works - Section 67		155	70
Section 149 Certificates (EPA Act)		20	16
Section 603 Certificates		14	12
Other		6	4
Total Fees & Charges - Statutory/Regulatory		399	299
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Cemeteries		33	46
Lease Rentals		184	304
Leaseback Fees - Council Vehicles		49	50
Multipurpose Centre		262	324
Quarry Revenues		278	325
RMS (formerly RTA) Charges (State Roads not controlled by Council)		956	486
Waste Disposal Tipping Fees		82	46
Other		2	6
Total Fees & Charges - Other		1,846	1,587
TOTAL USER CHARGES & FEES		2,419	2,018

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		19	31
- Interest earned on Investments (interest & coupon payment income)		454	449
TOTAL INTEREST & INVESTMENT REVENUE		473	480
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		19	31
General Council Cash & Investments		254	258
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		21	34
- Section 64		25	44
Sewerage Fund Operations		154	113
Total Interest & Investment Revenue Recognised		473	480
(d) Other Revenues			
Rental Income - Other Council Properties		8	9
Legal Fees Recovery - Other		31	23
Diesel Rebate		57	43
Insurance Claim Recoveries		-	13
Insurance Rebates		87	88
Recycling Income (non domestic)		2	-
Weight of Loads Disbursement		22	-
Paid Parental Leave		47	-
Other		26	37
TOTAL OTHER REVENUE		280	213

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component ¹	1,617	797	-	-
Financial Assistance - Local Roads Component ¹	792	389	-	-
Pensioners' Rates Subsidies - General Component	51	54	-	-
Total General Purpose	2,460	1,240	-	-

¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Specific Purpose

Pensioners' Rates Subsidies:

- Sewerage	15	16	-	-
- Domestic Waste Management	24	24	-	-
Sewerage Services	27	-	56	38
Aged Care	1	5	-	-
Domestic Waste	-	238	-	-
Energy Efficiency	-	-	-	51
Environmental Protection	37	-	42	-
Heritage & Cultural	6	7	-	-
Library	33	48	-	-
LIRS Subsidy	38	10	-	-
Recreation & Culture	-	-	412	150
Street Lighting	16	-	-	-
Town Planning	28	-	13	15
Transport (Roads to Recovery)	155	-	-	505
Transport (Other Roads & Bridges Funding)	43	94	1,063	514
Youth Services	1	1	-	-
Total Specific Purpose	424	443	1,586	1,273
Total Grants	2,884	1,683	1,586	1,273

Grant Revenue is attributable to:

- Commonwealth Funding	2,564	1,186	210	505
- State Funding	312	497	1,376	768
- Other Funding	8	-	-	-
	2,884	1,683	1,586	1,273

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	57	23
S 64 - Sewerage Service Contributions	-	-	17	12
Total Developer Contributions 17	-	-	74	35
Other Contributions:				
Bushfire Services	58	57	-	-
Other Councils - Joint Works/Services	20	-	-	-
Recreation & Culture	-	-	-	7
Roads & Bridges	166	10	-	-
RMS Contributions (Regional Roads, Block Grant)	311	305	-	-
Voluntary Planning Agreement	-	-	-	1,000
Other	-	21	-	26
Total Other Contributions	555	393	-	1,033
Total Contributions	555	393	74	1,068
TOTAL GRANTS & CONTRIBUTIONS	3,439	2,076	1,660	2,341

\$ '000	Actual 2015	Actual 2014
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(g) Restrictions relating to Grants and Contributions

Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the Close of the Previous Reporting Period	2,726	1,431
add: Grants & contributions recognised in the current period but not yet spent:	543	1,472
less: Grants & contributions recognised in a previous reporting period now spent:	(363)	(177)
Net Increase (Decrease) in Restricted Assets during the Period	180	1,295
Unexpended and held as Restricted Assets	2,906	2,726
Comprising:		
- Specific Purpose Unexpended Grants	1,480	1,421
- Developer Contributions	1,426	1,305
	2,906	2,726

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,191	3,828
Travelling		17	13
Employee Leave Entitlements (ELE)		634	572
Superannuation		524	491
Workers' Compensation Insurance		78	81
Fringe Benefit Tax (FBT)		56	57
Training Costs (other than Salaries & Wages)		103	89
Sick Leave Insurance		4	7
Protective Clothing		21	19
Other		25	41
Total Employee Costs		5,653	5,198
less: Capitalised Costs		(377)	(278)
TOTAL EMPLOYEE COSTS EXPENSED		5,276	4,920
Number of "Equivalent Full Time" Employees at year end		72	70
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		177	145
Total Interest Bearing Liability Costs Expensed		177	145
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	9	27
Total Other Borrowing Costs		9	27
TOTAL BORROWING COSTS EXPENSED		186	172
(c) Materials & Contracts			
Raw Materials & Consumables		3,061	2,904
Auditors Remuneration ⁽¹⁾		31	24
Legal Expenses:			
- Legal Expenses: Planning & Development		97	18
- Legal Expenses: Debt Recovery		36	21
- Legal Expenses: Other		15	42
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment ⁽²⁾		17	17
TOTAL MATERIALS & CONTRACTS		3,257	3,026

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts (continued)			
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		31	24
Remuneration for audit and other assurance services		31	24
Total Auditor Remuneration		31	24
2. Operating Lease Payments are attributable to:			
Other		17	17
		17	17

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	675	704
Office Equipment		-	-	63	61
Furniture & Fittings		-	-	23	23
Land Improvements (depreciable)		-	-	383	383
Buildings - Non Specialised		-	-	119	115
Buildings - Specialised		-	-	576	537
Infrastructure:					
- Roads		-	-	1,932	1,904
- Bridges		-	-	282	260
- Footpaths		-	-	52	51
- Stormwater Drainage		-	-	60	57
- Sewerage Network		-	-	493	463
- Other Open Space/Recreational Assets		-	-	85	82
Asset Reinstatement Costs	9 & 26	-	-	13	15
Intangible Assets	25	-	-	71	63
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	4,827	4,718

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		63	25
Bank Charges		22	21
Cleaning		5	42
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		28	34
- NSW Fire Brigade Levy		140	140
Councillor Expenses - Mayoral Fee		23	23
Councillor Expenses - Councillors' Fees		73	73
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		3	3
Donations, Contributions & Assistance to other organisations (Section 356)		290	306
- Contributions to Central West Libraries		141	119
- Contribution to Upper Macquarie County Council		66	65
Electricity & Heating		278	266
Insurance		357	353
Postage		14	16
Printing & Stationery		40	36
Street Lighting		103	102
Subscriptions & Publications		206	188
Telephone & Communications		50	46
Valuation Fees		30	29
Water Charges		108	108
Repayment Local Govt. Organics Collection Grant		238	-
Other		43	70
TOTAL OTHER EXPENSES		2,321	2,065

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		304	49
less: Carrying Amount of P&E Assets Sold / Written Off		(230)	(7)
Net Gain/(Loss) on Disposal		74	42
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		71	113
less: Carrying Amount of Real Estate Assets Sold / Written Off		(17)	(96)
Net Gain/(Loss) on Disposal		54	17
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		-	457
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		-	(233)
Net Gain/(Loss) on Disposal		-	224
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		128	283
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		-	224
Net Gain/(Loss) on Disposal of Financial Instruments		-	224

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		366	-	1,181	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		500	-	1,000	-
Total Cash & Cash Equivalents		866	-	2,181	-
Investments (Note 6b)					
- Long Term Deposits		13,500	-	11,000	-
Total Investments		13,500	-	11,000	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		14,366	-	13,181	-
¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.					
Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:					
Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		866	-	2,181	-
Investments					
a. "Held to Maturity"	6(b-ii)	-	-	-	-
b. "Loans & Receivables"	6(b-iii)	13,500	-	11,000	-
Investments		13,500	-	11,000	-
Note 6(b-i) Reconciliation of Investments classified as "Held to Maturity"					
Balance at the Beginning of the Year		-	-	233	-
Disposals (sales & redemptions)		-	-	(233)	-
Balance at End of Year		-	-	-	-
Note 6(b-ii) Reconciliation of Investments classified as "Loans & Receivables"					
Balance at the Beginning of the Year		11,000	-	7,000	-
Additions		2,500	-	4,000	-
Balance at End of Year		13,500	-	11,000	-
Comprising:					
- Long Term Deposits		13,500	-	11,000	-
Total		13,500	-	11,000	-

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	14,366	-	13,181	-
attributable to:				
External Restrictions (refer below)	7,411	-	6,875	-
Internal Restrictions (refer below)	6,444	-	6,306	-
Unrestricted	511	-	0	-
	14,366	-	13,181	-

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	591	78	-	669
Developer Contributions - Sewer Fund (D)	714	43	-	757
Specific Purpose Unexpended Grants (F)	1,417	63	-	1,480
Specific Purpose Unexpended Grants-Sewer Fund (F)	4	-	(4)	-
Sewerage Services (G)	3,698	364	-	4,062
Domestic Waste Management (G)	-	169	-	169
Rates - Special Variation Community Centre	21	-	(21)	-
Rates - Special Variation Mining	430	-	(156)	274
External Restrictions - Other	6,875	717	(181)	7,411
Total External Restrictions	6,875	717	(181)	7,411

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

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

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,659	-	(35)	1,623
Employees Leave Entitlement	564	-	-	564
Asset Replacement Reserve	2,376	299	(128)	2,547
Blayney Town Works	185	-	-	185
Cemeteries	6	-	-	6
Construction of Buildings	8	-	(8)	-
Election Reserve	28	16	-	44
Golden Gully	24	-	(24)	-
Grant Matching Reserve	25	-	(25)	-
Inala Units	47	68	(32)	84
I.T Reserve	40	11	-	51
Local Museums	15	-	(15)	-
Multipurpose Centre	253	90	(61)	282
Property Account	457	68	-	525
Quarry	350	-	(41)	309
Showground Improvement Fund	6	-	(6)	-
Tourism Promotion Fund	214	-	(214)	-
Land Fill remediations & Assets	50	63	-	113
Village Enhancement Program	-	88	-	88
Environmental Projects - Belubula River	-	24	-	24
Total Internal Restrictions	6,306	726	(588)	6,444
TOTAL RESTRICTIONS	13,181	1,443	(769)	13,855

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		143	44	306	27
Interest & Extra Charges		46	-	43	21
User Charges & Fees		420	50	198	-
Private Works		111	107	85	107
Accrued Revenues					
- Interest on Investments		160	-	135	-
Government Grants & Subsidies		2	-	1	-
Deferred Debtors		61	36	4	18
Net GST Receivable		2	-	-	-
Total		945	237	772	173
less: Provision for Impairment					
Rates & Annual Charges		-	-	-	(18)
Interest & Extra Charges		-	-	-	(7)
Other Debtors		(137)	-	-	(116)
Total Provision for Impairment - Receivables		(137)	-	-	(141)
<u>TOTAL NET RECEIVABLES</u>		<u>808</u>	<u>237</u>	<u>772</u>	<u>32</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		31	-	83	-
- Other		236	-	-	-
Total External Restrictions		267	-	83	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		541	237	689	32
TOTAL NET RECEIVABLES		808	237	772	32

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		445	-	459	-
Stores & Materials		60	-	76	-
Trading Stock		231	-	233	-
Total Inventories		736	-	768	-
Other Assets					
Prepayments		20	-	16	-
Work In Progress		-	-	2	-
Total Other Assets		20	-	18	-
TOTAL INVENTORIES / OTHER ASSETS		756	-	786	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

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

Industrial/Commercial	445	-	459	-
Total Real Estate for Resale	445	-	459	-

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

Represented by:

Acquisition Costs	445	-	459	-
Total Costs	445	-	459	-
Total Real Estate for Resale	445	-	459	-

Movements:

Real Estate assets at beginning of the year	459	-	554	-
- Purchases and other costs	3	-	1	-
- WDV of Sales (exp)	(17)	-	(96)	-
Total Real Estate for Resale	445	-	459	-

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

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

	2015	2014
Real Estate for Resale	445	459
	445	459

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

- Stores & Materials	486	487
- Trading Stock	-	305

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2014					Asset Movements during the Reporting Period					as at 30/6/2015				
						Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)					
	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value						At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value
Plant & Equipment Office Equipment Furniture & Fittings Land: - Operational Land - Community Land Land Improvements - depreciable Buildings - Non Specialised Buildings - Specialised Infrastructure: - Roads - Bridges - Footpaths - Bulk Earthworks (non-depreciable) - Stormwater Drainage - Sewerage Network - Other Open Space/Recreational Assets Reinstatement, Rehabilitation & Restoration Assets (refer Note 2b): - Tip Assets - Quarry Assets	-	10,593	7,921	-	2,672	907	(230)	(675)	-	-	-	10,880	8,206	-	2,674
	-	611	462	-	149	41	-	(63)	-	-	-	652	525	-	127
	-	456	341	-	115	12	-	(23)	-	-	-	468	364	-	104
	-	1,467	-	-	1,467	-	-	-	-	-	-	1,467	-	-	1,467
	-	4,122	-	-	4,122	-	-	-	-	-	-	4,122	-	-	4,122
	-	6,654	3,099	-	3,555	-	-	(383)	-	-	-	6,654	3,482	-	3,172
	-	3,741	1,570	-	2,171	-	-	(119)	-	-	-	3,741	1,689	-	2,052
	-	17,652	7,457	-	10,195	525	-	(576)	-	-	-	18,177	8,034	-	10,144
	-	143,587	37,058	-	106,529	2,833	-	(1,932)	(11,412)	-	-	121,152	25,134	-	96,018
	-	22,757	7,377	24	15,356	383	-	(282)	-	7,192	-	26,224	3,551	24	22,649
	-	4,170	1,682	-	2,488	205	-	(52)	-	497	-	4,928	1,790	-	3,138
	-	10,466	-	-	10,466	-	-	-	-	1,041	-	11,507	-	-	11,507
	-	5,946	1,665	-	4,281	278	-	(60)	-	2,329	-	8,005	1,178	-	6,827
	-	27,580	8,176	-	19,404	335	-	(493)	-	289	-	28,334	8,799	-	19,535
	-	2,562	997	-	1,565	62	-	(85)	-	-	-	2,623	1,081	-	1,542
	-	224	112	-	112	-	-	(11)	-	-	-	224	123	-	101
	-	37	19	-	18	-	-	(2)	-	-	-	37	21	-	16
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	262,625	77,936	24	184,665	5,581	(230)	(4,756)	(11,412)	11,348	-	249,195	63,976	24	185,195

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$4,332k) and New Assets (\$77k). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Plant & Equipment	-	254	134	120	-	234	114	120
Land								
- Community Land	-	238	-	238	-	238	-	238
Buildings	-	338	91	247	-	338	81	257
Infrastructure	-	28,334	8,798	19,536	-	27,580	8,174	19,406
Total Sewerage Services	-	29,164	9,023	20,141	-	28,390	8,369	20,021
Domestic Waste Management								
Land								
- Community Land	-	160	-	160	-	160	-	160
Total DWM	-	160	-	160	-	160	-	160
TOTAL RESTRICTED I,PP&E	-	29,324	9,023	20,301	-	28,550	8,369	20,181

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

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		443	-	663	-
Payments Received In Advance		157	-	111	-
Accrued Expenses:					
- Borrowings		18	-	19	-
- Other Expenditure Accruals		26	1	30	1
Security Bonds, Deposits & Retentions		235	-	184	-
ATO - Net GST Payable		18	-	67	-
Other		-	-	1	-
Total Payables		897	1	1,075	1
Borrowings					
Loans - Secured ¹		178	2,171	183	2,506
Total Borrowings		178	2,171	183	2,506
Provisions					
Employee Benefits;					
Annual Leave		361	-	336	-
Long Service Leave		977	36	929	50
ELE On-Costs		77	3	78	2
Sub Total - Aggregate Employee Benefits		1,415	39	1,343	52
Asset Remediation/Restoration (Future Works) ²⁶		-	478	-	469
Other		30	-	-	-
Total Provisions		1,445	517	1,343	521
Total Payables, Borrowings & Provisions		2,520	2,689	2,601	3,028

(i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Sewer	83	687	60	880
Liabilities relating to externally restricted assets	83	687	60	880
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	83	687	60	880
Total Liabilities relating to Unrestricted Assets	2,437	2,002	2,541	2,148
TOTAL PAYABLES, BORROWINGS & PROVISIONS	2,520	2,689	2,601	3,028

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

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

	Actual 2015	Actual 2014
\$ '000		

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

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

Provisions - Employees Benefits	1,063	1,096
Payables - Security Bonds, Deposits & Retentions	214	119
	1,277	1,215

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Annual Leave	336	330	(305)	-	-	361
Long Service Leave	979	183	(149)	-	-	1,013
ELE On-Costs	80	9	(9)	-	-	80
Asset Remediation	469	(0)	-	9	-	478
Other	-	30	-	-	-	30
TOTAL	1,864	552	(463)	9	-	1,962

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	866	2,181
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		866	2,181
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		2,406	404
Adjust for non cash items:			
Depreciation & Amortisation		4,827	4,718
Net Losses/(Gains) on Disposal of Assets		(128)	(283)
Unwinding of Discount Rates on Reinstatement Provisions		9	27
Share of Net (Profits) or Losses of Associates/Joint Ventures		(28)	(98)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(162)	(81)
Increase/(Decrease) in Provision for Doubtful Debts		(4)	(2)
Decrease/(Increase) in Inventories		18	37
Decrease/(Increase) in Other Assets		(2)	131
Increase/(Decrease) in Payables		(220)	271
Increase/(Decrease) in accrued Interest Payable		(1)	10
Increase/(Decrease) in other accrued Expenses Payable		(4)	(14)
Increase/(Decrease) in Other Liabilities		47	45
Increase/(Decrease) in Employee Leave Entitlements		59	98
Increase/(Decrease) in Other Provisions		30	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		6,846	5,264

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		50	50
Credit Cards / Purchase Cards		20	20
Total Financing Arrangements		70	70
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		6	1
Total Financing Arrangements Utilised		6	1

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

(ii) Secured Loan Liabilities

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

Note 12. Commitments for Expenditure

(a) Capital Commitments (exclusive of GST)

Nil

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	590	3.58%	-18.42%	-11.39%
Total continuing operating revenue ⁽¹⁾	16,457			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	13,018	71.86%	70.40%	63.76%
Total continuing operating revenue ⁽¹⁾	18,117			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	7,807	6.73x	5.52	7.80
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	1,160			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	5,603	10.65x	8.84	13.13
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	526			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	233	2.28%	4.50%	5.57%
Rates, Annual and Extra Charges Collectible	10,237			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	14,366	13.75	14.99	11.61
Payments from cash flow of operating and financing activities	1,045	mths		

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months

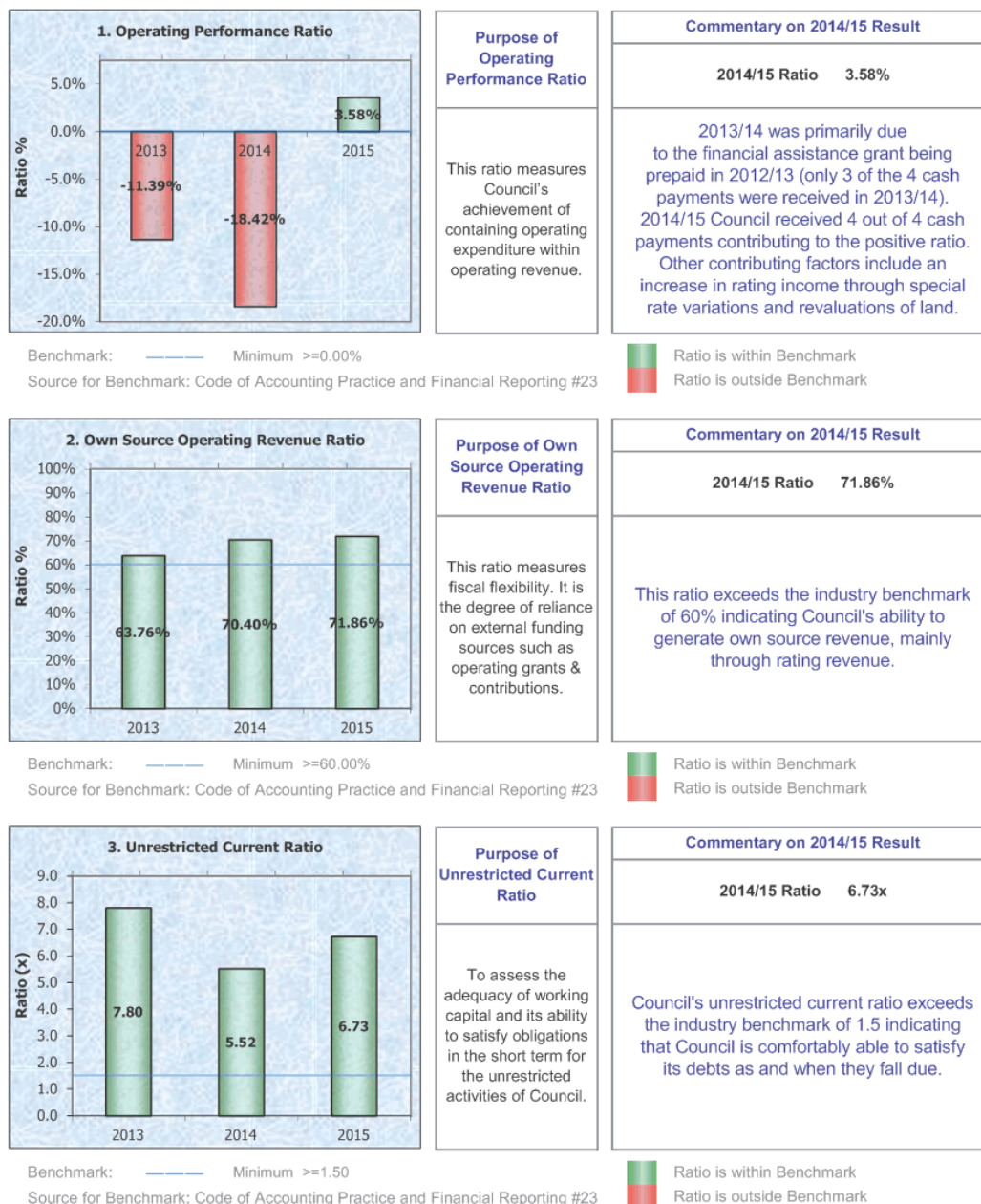
⁽³⁾ Refer to Note 10(a).

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

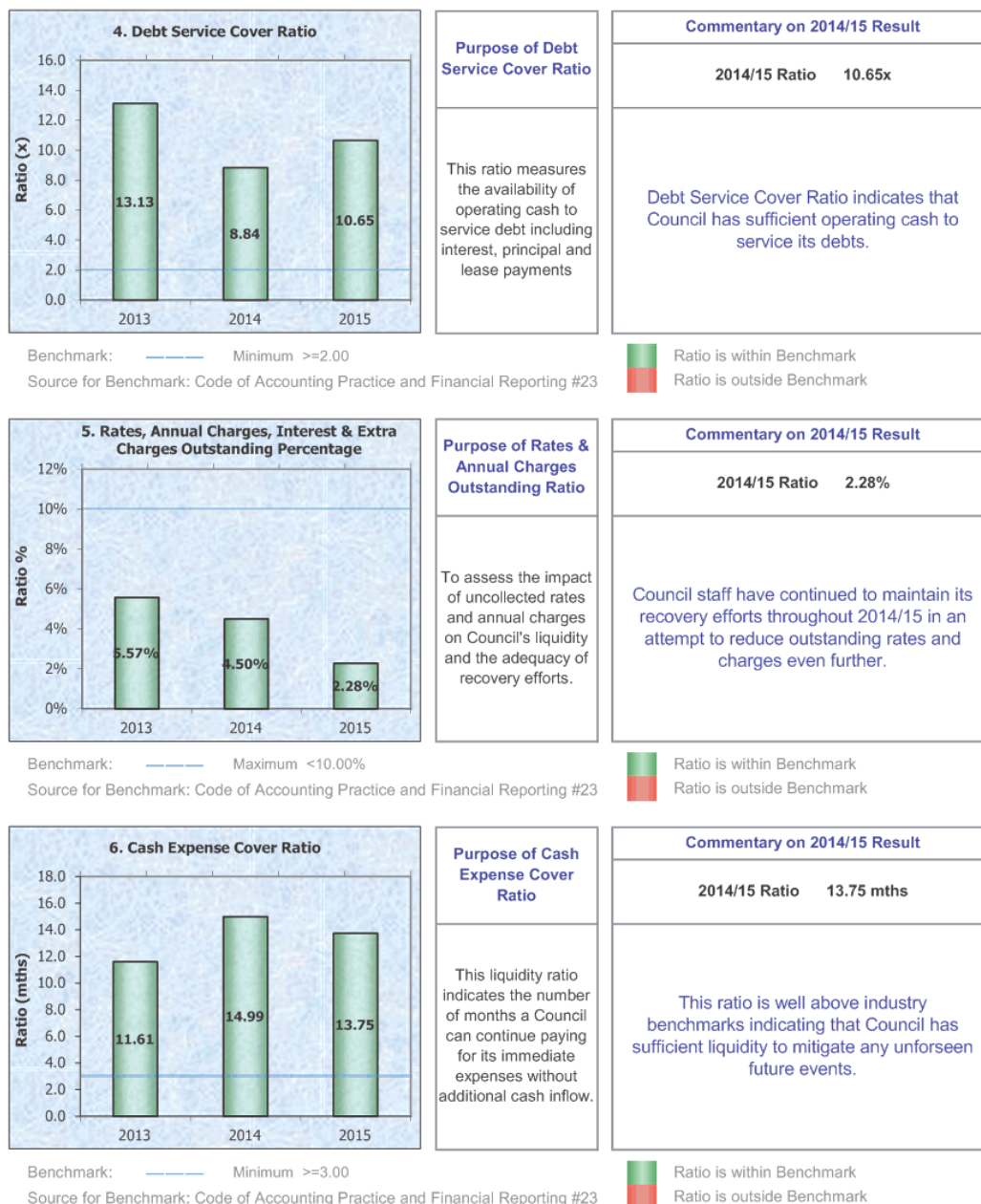
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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



Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund		
1. Operating Performance Ratio		
Total continuing operating revenue ⁽¹⁾		
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>		
Total continuing operating revenue ⁽¹⁾	4.19%	3.53%
(excl. Capital Grants & Contributions)	prior period: 21.88%	-24.43%
2. Own Source Operating Revenue Ratio		
Total continuing operating revenue ⁽¹⁾	91.97%	70.13%
<u>(excl. ALL Grants & Contributions)</u>		
Total continuing operating revenue ⁽¹⁾	prior period: 95.90%	67.17%
3. Unrestricted Current Ratio		
Current Assets less all External Restrictions ⁽²⁾	52.16x	6.73x
<u>Current Liabilities less Specific Purpose Liabilities^(3, 4)</u>		
	prior period: 66.72	5.52
4. Debt Service Cover Ratio		
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	2.32x	20.28x
<u>Principal Repayments (from the Statement of Cash Flows)</u>		
+ Borrowing Costs (from the Income Statement)	prior period: 7.75	9.59
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage		
<u>Rates, Annual and Extra Charges Outstanding</u>	3.23%	2.18%
Rates, Annual and Extra Charges Collectible	prior period: 7.79%	4.01%
6. Cash Expense Cover Ratio		
Current Year's Cash and Cash Equivalents		
+ All Term Deposits	0.00	13.75
<u>Payments from cash flow of operating and financing activities</u> x12		mths
	prior period: 0.00	14.99

Notes

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

(5) General Fund refers to all of Council's activities except for its Sewer activity which is listed separately.

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	866	2,181	866	2,181
Investments				
- "Loans & Receivables"	13,500	11,000	13,500	11,000
Receivables	1,045	804	1,045	804
Total Financial Assets	15,411	13,985	15,411	13,985
Financial Liabilities				
Payables	741	965	741	965
Loans / Advances	2,349	2,689	2,349	2,689
Total Financial Liabilities	3,090	3,654	3,090	3,654

Fair Value is determined as follows:

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

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 1% movement in Interest Rates	9	9	(9)	(9)
2014				
Possible impact of a 1% movement in Interest Rates	17	17	(17)	(17)

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	51%	0%	33%
Overdue	100%	49%	100%	67%
	100%	100%	100%	100%

(ii) Ageing of Receivables - value

	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
Rates & Annual Charges				
Other Receivables				
Current	-	742	-	205
< 1 year overdue	143	23	333	122
1 - 2 years overdue	44	7	-	18
2 - 5 years overdue	-	223	-	16
> 5 years overdue	-	-	-	251
	187	995	333	612

(iii) Movement in Provision for Impairment
of Receivables

	2015	2014
Balance at the beginning of the year	141	143
- amounts already provided for & written off this year	(4)	(2)
Balance at the end of the year	137	141

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total	Actual
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Cash Outflows	Carrying Values
2015									
Trade/Other Payables	235	506	-	-	-	-	-	741	741
Loans & Advances	-	329	329	329	329	329	1,622	3,267	2,349
Total Financial Liabilities	235	835	329	329	329	329	1,622	4,008	3,090
2014									
Trade/Other Payables	184	781	-	-	-	-	-	965	965
Loans & Advances	-	354	354	354	354	354	2,049	3,819	2,689
Total Financial Liabilities	184	1,135	354	354	354	354	2,049	4,784	3,654

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	741	0.0%	965	0.0%
Loans & Advances - Fixed Interest Rate	2,349	6.6%	2,689	6.4%
	<u>3,090</u>		<u>3,654</u>	

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 23 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2015 Budget	2015 Actual	2015 Variance*		
REVENUES					
Rates & Annual Charges	8,424	9,846	1,422	17%	F
Increased rating revenue from the mining category due to increases to land valuations					
User Charges & Fees	1,067	2,419	1,352	127%	F
Higher than anticipated building control income Increase in state roads funding (RMS)					
Interest & Investment Revenue	480	473	(7)	(1%)	U
Other Revenues	364	280	(84)	(23%)	U
Recognition of additional rebates received Higher than anticipated recovery of legal fees					
Operating Grants & Contributions	2,925	3,439	514	18%	F
Council was awarded various unexpected operating grants throughout the year.					
Capital Grants & Contributions	695	1,660	965	139%	F
Anticipated additional income from capital grants was not available.					
Net Gains from Disposal of Assets	-	128	128	0%	F
Gains made from various plant sales throughout the year.					
Joint Ventures & Associates - Net Profits	-	28	28	0%	F
Due to changes in accounting policy recognition of entities that Council has been considered to have "significant influence" is now recognised in the annual financial report using the equity method.					

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Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance*	
EXPENSES				
Employee Benefits & On-Costs	4,831	5,276	(445)	(9%) U
Borrowing Costs	133	186	(53)	(40%) U
A loan of \$500,000 was repaid early.				
Materials & Contracts	3,548	3,257	291	8% F
Depreciation & Amortisation	4,779	4,827	(48)	(1%) U
Other Expenses	1,545	2,321	(776)	(50%) U
Other expenses were higher than budgeted for multiple reasons. The larger of these items include higher than anticipated water charges and contributions to other organisations mainly the Library and Rural Fire Service. Also communication to the public has increased which relates to increased advertising costs.				

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

Cash Flows from Operating Activities	3,813	6,846	3,033	79.5%	F
As per above Council was awarded various unexpected capital grants for road works throughout the year.					
Cash Flows from Investing Activities	(5,527)	(7,820)	(2,293)	41.5%	U
Non recognition in cash flow budgeting of investing in term deposits greater than 90 days					
Cash Flows from Financing Activities	977	(340)	(1,317)	(134.8%)	U
Budgeted borrowings not needed as capital project requirements had changed.					

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Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Local Infrastructure Fund	591	57	-	21	-	-	670	28	(697)	-	-
S94 Contributions - under a Plan	591	57	-	21	-	-	670	28	(697)	-	-
Total S94 Revenue Under Plans	591	57	-	21	-	-	670				-
S64 Contributions	714	18	-	25	-	-	757				
Total Contributions	1,305	75	-	46	-	-	1,426	28	(697)	-	-

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - Local Infrastructure Fund

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Local Infrastructure Fund	591	57	-	21	-	-	670	28	(697)	-	-
Total	591	57	-	21	-	-	670	28	(697)	-	-

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Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:**1. Guarantees****(i) Defined Benefit Superannuation Contribution Plans**

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Blayney Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

\$ '000

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

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

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

Controlled Entities (Subsidiaries)**Note 19(a)**

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint Ventures & Associates**Note 19(b)**

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Joint Operations**Note 19(c)**

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated Structured Entities**Note 19(d)**

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, Joint Arrangements and Associates not recognised**Note 19(e)****Accounting Recognition:**

(i) Subsidiaries disclosed under Note 19(a) and Joint Operations disclosed at Note 19(c) are accounted for on a "line by line" consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint Ventures and Associates as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	-	-	-	-
Associates	28	98	20,059	19,832
Total	28	98	20,059	19,832

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council

Council has no interest in any Controlled Entities (Subsidiaries).

(b) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into its consolidated Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Central Tablelands Water	Associate	Equity	19,864	19,637
Upper Macquarie County Council	Associate	Equity	195	195
Total Carrying Amounts - Material Joint Ventures and Associates			20,059	19,832

(b) Details

Name of Entity	Principal Activity	Place of Business
Central Tablelands Water	Water Supply	Blayney
Upper Macquarie County Council	Weeds Council	Bathurst

(c) Relevant Interests & Fair Values

Name of Entity	Proportion of Voting Power	
	2015	2014
Central Tablelands Water	33.3%	33.3%
Upper Macquarie County Council	25%	25%

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Joint Ventures and Associates (continued)

(d) Summarised Financial Information for Joint Ventures & Associates

	Central Tablelands Water		Upper Macquarie County Council	
	2015	2014	2015	2014
Statement of Financial Position				
Current Assets				
Cash and Cash Equivalents	404	681	1,097	1,097
Other Current Assets	6,677	5,707	51	51
Total Current Assets	7,081	6,388	1,148	1,148
Non-Current Assets	56,722	57,034	151	151
Current Liabilities				
Financial Liabilities (excl. Accounts Payable)	383	359	-	-
Other Current Liabilities	1,064	1,007	273	273
Total Current Liabilities	1,447	1,366	273	273
Non-Current Liabilities	2,764	3,146	246	246
Net Assets	59,592	58,910	780	780
Reconciliation of the Carrying Amount				
Opening Net Assets (1 July)	58,910	57,140	780	765
Profit/(Loss) for the period	74	284	-	15
Other Comprehensive Income	608	1,486	-	-
Closing Net Assets	59,592	58,910	780	780
Council's share of Net Assets (%)	33.3%	33.3%	25.0%	25.0%
Council's share of Net Assets (\$)	19,864	19,637	195	195
Statement of Comprehensive Income				
Income	5,248	5,249	1,370	1,370
Interest Income	206	185	27	27
Depreciation & Amortisation	(1,808)	(1,785)	(43)	(43)
Interest Expense	(222)	(244)	-	-
Other Expenses	(3,350)	(3,121)	(1,339)	(1,339)
Profit/(Loss) for Period	74	284	15	15
Total Comprehensive Income	682	1,770	15	15
Council's share of Income (%)	33.3%	33.3%	25.0%	25.0%
Council's share of Profit/(Loss) (\$)	25	95	4	4
Council's share of Comprehensive Income (\$)	227	590	4	4

Blayney Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Joint Operations

Council has no interest in any Joint Operations.

(d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

(e) Subsidiaries, Joint Arrangements & Associates not recognised

The following Subsidiaries, Joint Arrangements & Associates have not been recognised in this Financial Report.

Name of Entity/Operation	Principal Activity/Type of Entity
Central West Libraries	Library services to member Councils
Strategic Alliance; Wellington, Blayney & Cabonne Councils	Investigation & provision of economies of scale opportunities for member Councils