

# Blayney Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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



## Blayney Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2013

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for 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 dd/mm/yy. Council has the power to amend and reissue these financial statements.

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Blayney Shire Council

**General Purpose Financial Statements**

for the financial year ended 30 June 2013

**Statement by Councillors and Management**

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

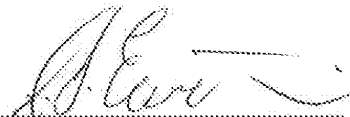
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 12 August 2013.**



S J Ferguson  
MAYOR



A J Ewin  
COUNCILLOR



G A Wilcox  
GENERAL MANAGER



C M Hodge  
RESPONSIBLE ACCOUNTING OFFICER

## Blayney Shire Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup>			Actual	Actual
2013	\$ '000	Notes	2013	2012
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
7,271		3a	7,457	5,640
1,388		3b	1,425	3,232
386		3c	482	513
131		3d	227	191
3,171		3e,f	3,815	4,301
858		3e,f	1,636	765
<i>Other Income:</i>				
Net Share of interests in Joint Ventures & Associated				
-		19	-	-
13,205			15,042	14,642
<b>Expenses from Continuing Operations</b>				
5,121		4a	4,951	4,821
223		4b	155	161
2,664		4c	3,357	3,898
4,461		4d	4,627	4,424
-		4e	-	-
1,431		4e	1,843	1,597
-		5	24	277
13,900			14,957	15,178
(695)			85	(536)
<b>Discontinued Operations</b>				
-		24	-	-
(695)			85	(536)
(695)			85	(536)
-			-	-
(1,553)			(1,551)	(1,301)

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

Financial Statements 2013

## Blayney Shire Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>85</b>	<b>(536)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	(00) (0)	2,558	5,027
Adjustment to correct prior period errors		-	-
Impairment (loss) reversal relating to I,PP&E	(00) (0)	(24)	-
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>2,534</b>	<b>5,027</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Realised (gain) loss on available-for-sale investments recognised in P&L	(00) (0)	-	-
Gain (loss) on revaluation of available-for-sale investments	(00) (0)	-	-
Realised (gain) loss from other reserves recognised in P&L	(00) (0)	-	-
Gain (loss) on revaluation of other reserves	(00) (0)	-	-
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>-</b>	<b>-</b>
<b>Total Other Comprehensive Income for the year</b>		<b>2,534</b>	<b>5,027</b>
<b>Total Comprehensive Income for the Year</b>		<b>2,619</b>	<b>4,491</b>
Total Comprehensive Income attributable to Council		2,619	4,491
Total Comprehensive Income attributable to Non-controlling Interests		-	-

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

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## Blayney Shire Council

## Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012	Actual 2011
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	10,144	7,102	7,622
Investments	6b	1,233	-	380
Receivables	7	642	2,974	1,107
Inventories	8	900	854	1,000
Other	8	149	160	166
Non-current assets classified as 'held for sale'	22	-	-	-
<b>Total Current Assets</b>		<b>13,068</b>	<b>11,090</b>	<b>10,275</b>
<b>Non-Current Assets</b>				
Investments	6b	-	233	233
Receivables	7	61	178	219
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	184,173	183,774	179,533
Investments accounted for using the equity method	13	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	263	-	-
<b>Total Non-Current Assets</b>		<b>184,497</b>	<b>184,165</b>	<b>179,985</b>
<b>TOTAL ASSETS</b>		<b>197,565</b>	<b>195,275</b>	<b>190,260</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	762	1,106	787
Borrowings	10	98	92	85
Provisions	10	1,233	1,174	1,135
<b>Total Current Liabilities</b>		<b>2,093</b>	<b>2,372</b>	<b>2,007</b>
<b>Non-Current Liabilities</b>				
Payables	10	2	-	-
Borrowings	10	1,710	1,809	1,901
Provisions	10	506	459	429
<b>Total Non-Current Liabilities</b>		<b>2,218</b>	<b>2,268</b>	<b>2,330</b>
<b>TOTAL LIABILITIES</b>		<b>4,311</b>	<b>4,640</b>	<b>4,337</b>
<b>Net Assets</b>		<b>193,254</b>	<b>190,635</b>	<b>185,923</b>
<b>EQUITY</b>				
Retained Earnings	20	60,583	60,498	60,813
Revaluation Reserves	20	132,671	130,137	125,110
Council Equity Interest		193,254	190,635	185,923
Non-controlling Interest		-	-	-
<b>Total Equity</b>		<b>193,254</b>	<b>190,635</b>	<b>185,923</b>

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 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 200)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		60,277	130,137	190,414	-	190,414
<b>a. Correction of Prior Period Errors</b>	20 (c)	221	-	221	-	221
<b>b. Changes in Accounting Policies</b> (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		60,498	130,137	190,635	-	190,635
<b>c. Net Operating Result for the Year</b>		85	-	85	-	85
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	200 (e)	-	2,558	2,558	-	2,558
- Revaluations: Other Reserves	200 (e)	-	-	-	-	-
- Transfers to Income Statement	200 (e)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	200 (e)	-	(24)	(24)	-	(24)
<b>Other Comprehensive Income</b>		-	2,534	2,534	-	2,534
<b>Total Comprehensive Income</b> (c&d)		85	2,534	2,619	-	2,619
<b>e. Distributions to/(Contributions from) Non-controlling Interests</b>		-	-	-	-	-
<b>f. Transfers between Equity</b>		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		60,583	132,671	193,254	-	193,254

\$ '000	Notes	Retained Earnings	Reserves (Refer 200)	Council Interest	Non- controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		60,813	125,110	185,923	-	185,923
<b>a. Correction of Prior Period Errors</b>	20 (c)	221	-	221	-	221
<b>b. Changes in Accounting Policies</b> (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		61,034	125,110	186,144	-	186,144
<b>c. Net Operating Result for the Year</b>		(536)	-	(536)	-	(536)
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	200 (e)	-	5,027	5,027	-	5,027
- Revaluations: Other Reserves	200 (e)	-	-	-	-	-
- Transfers to Income Statement	200 (e)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	200 (e)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	5,027	5,027	-	5,027
<b>Total Comprehensive Income</b> (c&d)		(536)	5,027	4,491	-	4,491
<b>e. Distributions to/(Contributions from) Non-controlling Interests</b>		-	-	-	-	-
<b>f. Transfers between Equity</b>		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		60,498	130,137	190,635	-	190,635

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 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<u>Receipts:</u>				
7,164	Rates & Annual Charges		7,529	5,683
1,200	User Charges & Fees		1,858	3,217
364	Investment & Interest Revenue Received		436	493
4,027	Grants & Contributions		7,723	3,210
-	Bonds, Deposits & Retention amounts received		10	-
144	Other		643	1,094
<u>Payments:</u>				
(5,121)	Employee Benefits & On-Costs		(4,890)	(4,776)
(2,655)	Materials & Contracts		(4,496)	(3,479)
(214)	Borrowing Costs		(130)	(162)
-	Bonds, Deposits & Retention amounts refunded		-	(25)
(1,463)	Other		(1,908)	(2,446)
3,446	<b>Net Cash provided (or used in) Operating Activities</b>	11b	6,775	2,809
<b>Cash Flows from Investing Activities</b>				
<u>Receipts:</u>				
-	Sale of Investment Securities		-	500
-	Sale of Real Estate Assets		94	-
191	Sale of Infrastructure, Property, Plant & Equipment		189	190
197	Deferred Debtors Receipts		24	112
<u>Payments:</u>				
-	Purchase of Investment Securities		(1,000)	-
(3,656)	Purchase of Infrastructure, Property, Plant & Equipment		(2,947)	(4,046)
(3,268)	<b>Net Cash provided (or used in) Investing Activities</b>		(3,640)	(3,244)
<b>Cash Flows from Financing Activities</b>				
<u>Receipts:</u>				
1,000	Proceeds from Borrowings & Advances		-	-
<u>Payments:</u>				
(363)	Repayment of Borrowings & Advances		(93)	(85)
637	<b>Net Cash Flow provided (used in) Financing Activities</b>		(93)	(85)
815	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		3,042	(520)
7,417	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11c	7,102	7,622
8,232	<b>Cash &amp; Cash Equivalents - end of the year</b>	11c	10,144	7,102
<b>Additional Information:</b>				
	plus: <b>Investments on hand - end of year</b>	11d	1,233	233
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		11,377	7,335

Please refer to Note 11 for more information

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

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## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

**(a) Basis of preparation****(i) Background**

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

**(iii) New and amended standards adopted by Council**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

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

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

**(v) Basis of Accounting**

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

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

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

**(vi) Changes in Accounting Policies**

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

**(vii) Critical Accounting Estimates**

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

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

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

**Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

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

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

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

**(b) Revenue recognition**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that

future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

**Rates, Annual Charges, Grants and Contributions**

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

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

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

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

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

**User Charges, Fees and Other Income**

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

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

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

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

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

**Interest and Rents**

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

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

**(c) Principles of Consolidation**

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

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

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

**(i) The Consolidated Fund**

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

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

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

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

**(ii) The Trust Fund**

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

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

**(iii) Joint Ventures**

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

**(iv) Associated Entities**

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

Such entities are usually termed Associates.

**(v) County Councils**

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

- **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 neither controls nor significantly influences the above County Councils and accordingly these entities have not been consolidated or otherwise included within these financial statements.

**(vi) Additional information**

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

**(d) Leases**

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

**Finance Leases**

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

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

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

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

**(e) Cash and Cash Equivalents**

Cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the 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.

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.

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

**(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 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.

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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 any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

**(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.

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.



## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the 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 Division of Local Government.

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

**Initial Recognition**

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

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

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

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

**Subsequent costs**

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

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

**Asset Revaluations (including Indexation)**

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

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

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

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

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

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

**Capitalisation Thresholds**

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

<b>Land</b>	
- council land	100% Capitalised
- 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 2013

## Note 1. Summary of Significant Accounting Policies

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

**Depreciation**

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

Land is not depreciated.

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

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

<b>Other Equipment</b>	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

<b>Buildings</b>	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

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

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

**Disposal and De-recognition**

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

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

**(k) Land**

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

**(m) Intangible Assets**

Council has not classified any assets as Intangible.

**(n) Crown Reserves**

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

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

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

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

**(o) Rural Fire Service assets**

Under section 119 of the Rural Fires Act 1997, "all fire fighting equipment purchased or constructed

*wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".*

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

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

**(p) Investment property**

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an in-house valuation based on a discounted cash flow analysis.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every year three years with an appropriate index utilised each year in between the full revaluations.

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

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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 unwind of the discount which is shown as a borrowing cost.

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

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

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

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

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

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

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

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

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

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:

- Council has a present legal or constructive obligation as a result of past events;

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

- 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 settled within the 12 months after the reporting period.

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

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

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at

the rates paid or payable, and accordingly no Liability has been recognised in these reports.

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

**(ii) Other Long Term Obligations**

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

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

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

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

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

**(iii) Retirement benefit obligations**

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

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

**Defined Benefit Plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20/02/2013 and covers the period ended 30/06/2013.

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$165,065.

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 \$373,901 as at 30 June 2013.

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

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

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

**Defined Contribution Plans**

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

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

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

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

**(y) Self insurance**

Council does not self insure.

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

In the determination of whether an asset or liability is classified as current or non-current, consideration is



## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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 IIG interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

**Council has not adopted any of these standards early.**

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

Applicable to Local Government with implications:

**AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures** (effective from 1 January 2015)

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

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

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

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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

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

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

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

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

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

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

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

Applicable to Local Government but no implications for Council;

***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's

recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

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

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

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

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

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

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

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

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

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

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

The amendments will have to be implemented retrospectively.

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

Not applicable to Local Government per se:

**AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (effective 1 January 2013)**

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

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

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

**There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.**

**(ac) Rounding of amounts**

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

**(ad) Comparative Figures**

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

**(ae) Disclaimer**

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

Blayney Shire Council

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).													
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations			Total Assets held (Current & Non-current)	
	Original Budget 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Actual 2013	Actual 2012	Actual 2013	Actual 2012	
Governance	-	-	-	441	410	114	(441)	(410)	(114)	-	518	962	723	
Administration	279	244	254	2,505	3,287	3,032	(2,226)	(3,043)	(2,778)	-	30	7,891	7,138	
Public Order & Safety	16	70	6	532	418	435	(516)	(348)	(429)	-	-	1,457	1,257	
Health	77	12	21	356	188	664	(279)	(176)	(643)	-	-	123	111	
Environment	882	869	810	1,188	1,039	1,022	(306)	(170)	(212)	26	-	4,000	4,140	
Community Services & Education	95	51	55	109	98	65	(14)	(47)	(10)	15	23	648	761	
Housing & Community Amenities	195	203	291	421	539	495	(226)	(336)	(204)	29	31	25	572	
Sewerage Services	1,239	1,245	1,301	1,156	1,055	981	83	190	320	16	16	24,086	23,697	
Recreation & Culture	450	660	802	1,941	2,331	2,598	(1,491)	(1,671)	(1,796)	33	96	14,162	16,667	
Mining, Manufacturing & Construction	270	166	107	204	126	2	66	40	105	-	-	254	373	
Transport & Communication	2,151	4,805	3,728	4,763	5,283	5,368	(2,612)	(478)	(1,640)	2,468	802	143,082	138,204	
Economic Affairs	217	147	317	284	183	402	(67)	(36)	(85)	-	-	875	1,632	
<b>Total Functions &amp; Activities</b>	<b>5,871</b>	<b>8,472</b>	<b>7,692</b>	<b>13,900</b>	<b>14,957</b>	<b>15,178</b>	<b>(8,629)</b>	<b>(6,485)</b>	<b>(7,486)</b>	<b>2,587</b>	<b>1,516</b>	<b>197,565</b>	<b>195,275</b>	
General Purpose Income <sup>1</sup>	7,334	6,570	6,950	-	-	-	7,334	6,570	6,950	2,345	2,901	-	-	
Operating Result from Continuing Operations	13,205	15,042	14,642	13,900	14,957	15,178	(695)	85	(336)	4,932	4,417	197,565	195,275	

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

## Blayney Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

##### GOVERNANCE

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

##### ADMINISTRATION

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

##### PUBLIC ORDER & SAFETY

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

##### HEALTH

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

##### ENVIRONMENT

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

##### COMMUNITY SERVICES & EDUCATION

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

##### HOUSING & COMMUNITY AMENITIES

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

##### SEWERAGE SERVICES

##### RECREATION & CULTURE

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

##### MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

##### TRANSPORT & COMMUNICATION

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

##### ECONOMIC AFFAIRS

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,349	1,307
Farmland		1,689	1,646
Mining		652	626
Business		244	200
<b>Total Ordinary Rates</b>		<b>3,934</b>	<b>3,779</b>
<b>Special Rates</b>			
Community Centre Refurbishment		275	275
Mining Special Rate		1,567	-
<b>Total Special Rates</b>		<b>1,842</b>	<b>275</b>
<b>Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</b>			
Domestic Waste Management Services		756	686
Sewerage Services		925	900
<b>Total Annual Charges</b>		<b>1,681</b>	<b>1,586</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>7,457</b>	<b>5,640</b>

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<i>Specific User Charges (per s.502 - Specific "actual use" charges)</i>			
Sewerage Services		94	77
<b>Total User Charges</b>		<b>94</b>	<b>77</b>
<i>Other User Charges &amp; Fees</i>			
<i>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions (per s.608)</i>			
Building Regulation		192	255
Private Works - Section 67		136	302
Section 149 Certificates (EPA Act)		18	22
Section 603 Certificates		12	15
Other		4	-
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>362</b>	<b>594</b>
<i>(ii) Fees &amp; Charges - Other (incl. General User Charges (per s.608))</i>			
Cemeteries		38	38
Lease Rentals		37	36
Leaseback Fees - Council Vehicles		44	39
Multipurpose Centre		313	358
Quarry Revenues		72	3
RMS (formerly RTA) Charges (State Roads not controlled by Council)		346	1,957
Waste Disposal Tipping Fees		79	100
Other		40	30
<b>Total Fees &amp; Charges - Other</b>		<b>969</b>	<b>2,561</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>1,425</b>	<b>3,232</b>



## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		39	24
- Interest earned on Investments (interest & coupon payment income)		443	484
Other		-	5
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>482</b>	<b>513</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		37	16
General Council Cash & Investments		254	270
<b>Restricted Investments/Funds - External:</b>			
<b>Development Contributions</b>			
- Section 94		23	22
- Section 64		29	34
<b>Sewerage Fund Operations</b>		<b>139</b>	<b>171</b>
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>482</b>	<b>513</b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		10	28
Fines		-	2
Commissions & Agency Fees		3	1
Diesel Rebate		50	35
Insurance Rebates		80	33
Legal Costs Recovered		12	50
Sale of Abandoned Vehicles		1	-
Sewer Monitoring		22	-
Other		49	42
<b>TOTAL OTHER REVENUE</b>		<b>227</b>	<b>191</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,549	2,144	-	-
Financial Assistance - Local Roads Component	741	700	-	-
Pensioners' Rates Subsidies - General Component	55	57	-	-
<b>Total General Purpose</b>	<b>2,345</b>	<b>2,901</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
<b>Pensioners' Rates Subsidies:</b>				
- Sewerage	16	16	-	-
- Domestic Waste Management	26	26	-	-
Bike Paths	-	-	-	3
Community Care	14	-	-	-
Employment & Training Programs	-	30	-	-
Heritage & Cultural	13	5	-	-
Library	33	32	-	-
Recreation & Culture	-	64	-	-
Street Lighting	16	16	-	-
Tourism	-	1	-	-
Transport (Roads to Recovery)	10	-	470	267
Transport (Other Roads & Bridges Funding)	939	752	1,049	281
Youth Services	1	23	-	-
<b>Total Specific Purpose</b>	<b>1,068</b>	<b>965</b>	<b>1,519</b>	<b>551</b>
<b>Total Grants</b>	<b>3,413</b>	<b>3,866</b>	<b>1,519</b>	<b>551</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	2,301	2,957	-	267
- State Funding	172	909	-	284
- Other Funding	940	-	1,519	-
	<b>3,413</b>	<b>3,866</b>	<b>1,519</b>	<b>551</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<i>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</i>				
S 94 - Contributions towards amenities/services	-	-	91	72
S 64 - Sewerage Service Contributions	-	-	11	62
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>102</b>	<b>134</b>
<b>Other Contributions:</b>				
Bushfire Services	57	57	-	-
Recreation & Culture	-	-	15	59
Roads & Bridges	42	36	-	-
RMS Contributions (Regional Roads, Block Grant)	288	323	-	-
Sewerage (excl. Section 64 contributions)	-	-	-	21
Other	15	19	-	-
<b>Total Other Contributions</b>	<b>402</b>	<b>435</b>	<b>15</b>	<b>80</b>
<b>Total Contributions</b>	<b>402</b>	<b>435</b>	<b>117</b>	<b>214</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>3,615</b>	<b>4,301</b>	<b>1,636</b>	<b>765</b>

\$ '000	Actual 2013	Actual 2012
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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	1,347	1,379
add: Grants & contributions recognised in the current period but not yet spent:	258	423
less: Grants & contributions recognised in a previous reporting period now spent:	(174)	(455)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>84</b>	<b>(32)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>1,431</b>	<b>1,347</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	239	309
- Developer Contributions	1,192	1,038
- Other Contributions	-	-
	<b>1,431</b>	<b>1,347</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		3,846	3,486
Travelling		64	84
Employee Leave Entitlements (ELE)		450	707
Superannuation		463	412
Workers' Compensation Insurance		135	184
Fringe Benefit Tax (FBT)		51	21
Training Costs (other than Salaries & Wages)		100	90
Sick Leave Insurance		6	3
Protective Clothing		14	12
Other		25	10
<b>Total Employee Costs</b>		<b>5,154</b>	<b>5,009</b>
less: Capitalised Costs		(203)	(188)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>4,951</b>	<b>4,821</b>
Number of "Equivalent Full Time" Employees at year end		66	70
 <b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		130	137
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>130</b>	<b>137</b>
 <b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities		25	24
<b>Total Other Borrowing Costs</b>		<b>25</b>	<b>24</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>155</b>	<b>161</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		3,261	3,756
Auditors Remuneration <sup>(1)</sup>		26	28
Legal Expenses:			
- Legal Expenses: Planning & Development		2	66
- Legal Expenses: Debt Recovery		44	10
- Legal Expenses: Other		7	14
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		17	24
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>3,357</b>	<b>3,898</b>

**1. Auditor Remuneration**

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

**(i) Audit and Other Assurance Services**

- Audit & review of financial statements: Council's Auditor	26	28
Remuneration for audit and other assurance services	26	28
<b>Total Auditor Remuneration</b>	<b>26</b>	<b>28</b>

**2. Operating Lease Payments are attributable to:**

Computers	-	24
Other	17	-
	17	24

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	701	699
Office Equipment		-	-	74	57
Furniture & Fittings		-	-	23	24
Land Improvements (depreciable)		-	-	383	381
Buildings - Non Specialised		-	-	106	123
Buildings - Specialised		-	-	559	495
Other Structures		-	-	81	81
Infrastructure:					
- Roads, Bridges & Footpaths		24	-	2,159	2,121
- Stormwater Drainage		-	-	57	57
- Sewerage Network		-	-	454	373
Asset Reinstatement Costs	9 & 28	-	-	13	13
Intangible Assets	25	-	-	17	-
<b>Total Depreciation &amp; Impairment Costs</b>		<b>24</b>	<b>-</b>	<b>4,627</b>	<b>4,424</b>
less: Impairments (to)/from ARR (Equity)	22	(24)	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>4,627</b>	<b>4,424</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		28	35
Bad & Doubtful Debts		-	118
Bank Charges		20	19
Boarding House Transport Payment		-	5
Cleaning		71	-
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		50	40
- NSW Fire Brigade Levy		124	126
Councillor Expenses - Mayoral Fee		22	22
Councillor Expenses - Councillors' Fees		71	69
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		14	21
Donations, Contributions & Assistance to other organisations (Section 356)		324	256
- Contributions to Central West Libraries		108	-
- Contribution to Upper Macquarie County Council		62	-
Election Expenses		51	-
Electricity & Heating		264	299
Insurance		239	184
Postage		13	12
Printing & Stationery		32	27
Street Lighting		143	118
Subscriptions & Publications		67	35
Telephone & Communications		40	24
Valuation Fees		26	25
Water Charges		37	11
Other		37	151
<b>TOTAL OTHER EXPENSES</b>		<b>1,843</b>	<b>1,597</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		168	190
less: Carrying Amount of P&E Assets Sold / Written Off		(192)	(177)
<b>Net Gain/(Loss) on Disposal</b>		<b>(24)</b>	<b>13</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	21
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	(452)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(431)</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		-	94
less: Carrying Amount of Real Estate Assets Sold / Written Off		-	(73)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>21</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		-	500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		-	(380)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>120</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(24)</b>	<b>(277)</b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"		-	120
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>-</b>	<b>120</b>



## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013		2012	
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		644	-	102	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		9,500	-	7,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>10,144</b>	<b>-</b>	<b>7,102</b>	<b>-</b>
Investments (Note 6b)					
- Long Term Deposits		1,000	-	-	-
- CDO's		233	-	-	233
<b>Total Investments</b>		<b>1,233</b>	<b>-</b>	<b>-</b>	<b>233</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>11,377</b>	<b>-</b>	<b>7,102</b>	<b>233</b>

<sup>1</sup> 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"		10,144	-	7,102	-
Investments					
b. "Held to Maturity"	80-8	1,233	-	-	233
Investments		1,233	-	-	233

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6b. Investments (continued)

\$ '000	2013		2012	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 5(b-i) Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Nil				
Note 5(b-ii) Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	-	233	380	233
Additions	1,000	-	-	-
Disposals (sales & redemptions)	-	-	(380)	-
Transfers between Current/Non Current	233	(233)	-	-
Balance at End of Year	1,233	-	-	233
Comprising:				
- Long Term Deposits	1,000	-	-	-
- CDO's	233	-	-	233
Total	1,233	-	-	233

## Note 5(b-iii)

Reconciliation of Investments  
classified as "Loans & Receivables"

Nil

## Note 5(b-iv)

Reconciliation of Investments  
classified as "Available for Sale"

Nil

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013		2012	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	11,377	-	7,102	233
attributable to:				
External Restrictions (refer below)	4,844	-	3,477	233
Internal Restrictions (refer below)	6,530	-	3,623	-
Unrestricted	3	-	2	-
	11,377	-	7,102	233

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

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Developer Contributions - General (D)	420	114	-	534
Developer Contributions - Sewer Fund (D)	618	40	-	658
Specific Purpose Unexpended Grants (F)	305	-	(70)	235
Specific Purpose Unexpended Grants-Sewer Fund (F)	4	-	-	4
Sewerage Services (G)	2,171	646	-	2,817
Rates - Special Variation Community Centre	155	50	(117)	88
Rates - Special Variation Mining	-	508	-	508
Other	37	-	(37)	-
External Restrictions - Other	3,710	1,358	(224)	4,844
Total External Restrictions	3,710	1,358	(224)	4,844

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,188	563	-	1,751
RMS Debtor Restriction	(1,375)	1,375	-	-
Employees Leave Entitlement	564	-	-	564
Asset Replacement Reserve	728	942	-	1,670
Blayney Town Works	185	-	-	185
Cemeteries	6	-	-	6
Community Centre - PA	50	-	(50)	-
Construction of Buildings	8	-	-	8
Election Reserve	42	15	(45)	12
Financial Assistance Grant	1,156	36	-	1,192
Golden Gully	23	-	-	23
Inala Units	12	-	-	12
Local Museums	15	-	-	15
Multipurpose Centre	163	-	-	163
Property Account	468	-	-	468
Quarry	364	39	(73)	330
Showground Improvement Fund	6	-	-	6
Tourism Promotion Fund	20	40	-	60
I.T Reserve	-	40	-	40
Grant Matching Reserve	-	25	-	25
<b>Total Internal Restrictions</b>	<b>3,623</b>	<b>3,075</b>	<b>(168)</b>	<b>6,530</b>
<b>TOTAL RESTRICTIONS</b>	<b>7,333</b>	<b>4,433</b>	<b>(392)</b>	<b>11,374</b>

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 2013

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		340	28	401	39
Interest & Extra Charges		34	67	20	39
User Charges & Fees		135	-	299	18
Private Works		59	107	38	221
Capital Debtors (being sale of assets)					
- Sale of Land		-	-	94	-
- Other Asset Sales		-	-	21	-
Accrued Revenues					
- Interest on Investments		71	-	67	-
Government Grants & Subsidies		1	-	1,863	-
Deferred Debtors		2	2	24	4
Net GST Receivable		-	-	80	-
Other Debtors		-	-	67	-
<b>Total</b>		<b>642</b>	<b>204</b>	<b>2,974</b>	<b>321</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		-	(18)	-	(18)
Interest & Extra Charges		-	(7)	-	(7)
Other Debtors		-	(118)	-	(118)
<b>Total Provision for Impairment - Receivables</b>		<b>-</b>	<b>(143)</b>	<b>-</b>	<b>(143)</b>
<b>TOTAL NET RECEIVABLES</b>		<b>642</b>	<b>61</b>	<b>2,974</b>	<b>178</b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		78	-	63	-
- Other		-	-	50	-
<b>Total External Restrictions</b>		<b>78</b>	<b>-</b>	<b>113</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
- Internal Restricted Receivables		-	-	1,375	-
<b>Internally Restricted Receivables</b>		<b>-</b>	<b>-</b>	<b>1,375</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>564</b>	<b>61</b>	<b>1,486</b>	<b>178</b>
<b>TOTAL NET RECEIVABLES</b>		<b>642</b>	<b>61</b>	<b>2,974</b>	<b>178</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		554	-	554	-
Stores & Materials		108	-	95	-
Trading Stock		238	-	205	-
<b>Total Inventories</b>		<b>900</b>	<b>-</b>	<b>854</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		149	-	159	-
Work In Progress		-	-	1	-
<b>Total Other Assets</b>		<b>149</b>	<b>-</b>	<b>160</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,049</b>	<b>-</b>	<b>1,014</b>	<b>-</b>

## Externally Restricted Assets

There are no restrictions applicable to the above assets.

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 8. Inventories &amp; Other Assets (continued)

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Residential	95	-	95	-
Industrial/Commercial	459	-	459	-
<b>Total Real Estate for Resale</b>	<b>554</b>	<b>-</b>	<b>554</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Development Costs	554	-	554	-
<b>Total Costs</b>	<b>554</b>	<b>-</b>	<b>554</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>554</b>	<b>-</b>	<b>554</b>	<b>-</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	554	-	627	-
- WDV of Sales (exp)	-	-	(73)	-
<b>Total Real Estate for Resale</b>	<b>554</b>	<b>-</b>	<b>554</b>	<b>-</b>

**(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;

	2013	2012
Real Estate for Resale	554	554
	<b>554</b>	<b>554</b>

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

- Stores & Materials	639	565
- Trading Stock	542	95

**(d) Inventory Write Downs**

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

Blayney Shire Council

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

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2012					Asset Revaluations during the Reporting Period					as at 30/6/2013					
	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (reversal) In Equity	Transfer to Intangible Assets	Revaluation Increments to Equity (ASR)	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value
<b>\$'000</b>																
Plant & Equipment	-	10,115	6,806	-	3,309	284	(192)	(701)	-	(170)	-	-	7,444	-	2,700	
Office Equipment	-	669	333	-	336	81	-	(74)	-	-	-	-	401	-	173	
Furniture & Fittings	-	371	295	-	76	2	-	(23)	-	-	-	-	318	-	55	
<b>Land:</b>																
- Operational Land	-	1,296	-	-	1,296	-	-	-	-	-	171	-	-	-	1,467	
- Community Land	-	4,122	-	-	4,122	-	-	-	-	-	-	-	-	-	4,122	
Land Improvements - depreciable	-	6,654	2,383	-	4,321	-	-	(383)	-	-	-	-	2,716	-	3,938	
Buildings - Non Specialised	-	3,291	1,350	-	1,941	-	-	(106)	-	-	267	-	1,455	-	2,102	
Buildings - Specialised	-	15,797	6,360	-	9,437	202	-	(559)	-	-	1,652	-	6,920	-	10,732	
Other Structures	-	2,535	833	-	1,702	26	-	(81)	-	-	-	-	915	-	1,647	
<b>Infrastructure:</b>																
- Roads, Bridges, Footpaths	-	165,039	41,742	-	123,297	2,211	-	(2,159)	(24)	-	-	-	43,926	-	123,325	
- Bulk Earthworks (non-depreciable)	-	10,466	-	-	10,466	-	-	-	-	-	-	-	-	-	10,466	
- Stormwater Drainage	-	5,691	1,550	-	4,141	-	-	(57)	-	-	-	-	1,607	-	4,084	
- Sewerage Network	-	26,025	6,853	-	19,172	31	-	(454)	-	-	468	-	7,490	-	19,217	
<b>Restatement, Rehabilitation &amp; Preservation Assets (refer Note 2g)</b>																
- Tip Asset	-	225	89	-	136	-	-	(11)	-	-	-	-	100	-	125	
- Other Asset	-	37	15	-	22	-	-	(2)	-	-	-	-	17	-	20	
<b>TOTAL INFRASTRUCTURE</b>																
<b>PROPERTY PLANT &amp; EQUIP</b>																
	-	257,333	68,559	-	183,774	2,337	(1,92)	(4,616)	(24)	(179)	2,558	-	73,539	-	184,173	

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$2380) and New Assets (\$90).  
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).



## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
Plant & Equipment	-	234	94	140	-	234	70	164
Land								
- Community Land	-	238	-	238	-	238	-	238
Buildings	-	938	71	267	-	427	74	353
Infrastructure	-	26,707	7,490	19,217	-	26,025	6,853	19,172
<b>Total Sewerage Services</b>	-	27,517	7,655	19,862	-	26,934	6,997	19,927
<b>Domestic Waste Management</b>								
Land								
- Community Land	-	160	-	160	-	160	-	160
<b>Total DWM</b>	-	160	-	160	-	160	-	160
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	27,677	7,655	20,022	-	27,094	6,997	20,087

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

\$ '000	Notes	Actual 2013	Actual 2012
(i) Impairment Losses recognised direct to Equity (ARR)			
include:			
Cowriga Creek Bridge - Failed and Closed		(17)	-
Snake Creek Bridge - Failed and Closed		(7)	-
<b>Total Impairment Losses</b>		<b>(24)</b>	<b>-</b>
<b>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</b>	20 (i)	<b>(24)</b>	<b>-</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		392	-	846	-
Payments Received In Advance		124	-	96	-
Accrued Expenses:					
- Borrowings		9	-	9	-
- Other Expenditure Accruals (Workers Co)		43	2	-	-
Security Bonds, Deposits & Retentions		165	-	155	-
ATO - Net GST Payable		29	-	-	-
<b>Total Payables</b>		<b>762</b>	<b>2</b>	<b>1,106</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		98	1,710	92	1,809
<b>Total Borrowings</b>		<b>98</b>	<b>1,710</b>	<b>92</b>	<b>1,809</b>
<b>Provisions</b>					
<b>Employee Benefits:</b>					
Annual Leave		347	-	341	-
Long Service Leave		819	61	833	42
ELE On-Costs		67	3	-	-
Sub Total - Aggregate Employee Benefits		1,233	64	1,174	42
Asset Remediation/Restoration (Future Works) <sup>2</sup>		-	442	-	417
<b>Total Provisions</b>		<b>1,233</b>	<b>506</b>	<b>1,174</b>	<b>459</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>2,093</b>	<b>2,218</b>	<b>2,372</b>	<b>2,268</b>

## (i) Liabilities relating to Restricted Assets

	2013		2012	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Sewer	56	927	47	970
Liabilities relating to externally restricted assets	56	927	47	970
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>56</b>	<b>927</b>	<b>47</b>	<b>970</b>
<b>Total Liabilities relating to Unrestricted Assets</b>	<b>2,037</b>	<b>1,291</b>	<b>2,325</b>	<b>1,298</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>2,093</b>	<b>2,218</b>	<b>2,372</b>	<b>2,268</b>

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

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
(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	909	831
Payables - Security Bonds, Deposits & Retentions	34	37
	943	868

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

Class of Provision	2012		2013			
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/13
Annual Leave	341	257	(251)	-	-	347
Long Service Leave	875	34	(29)	-	-	880
ELE On-Costs	-	70	-	-	-	70
Asset Remediation	417	-	-	25	-	442
<b>TOTAL</b>	<b>1,633</b>	<b>361</b>	<b>(280)</b>	<b>25</b>	<b>-</b>	<b>1,739</b>

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	3a	10,144	7,102
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>10,144</b>	<b>7,102</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>85</b>	<b>(536)</b>
<i>Adjust for non cash items:</i>			
Depreciation & Amortisation		4,627	4,424
Net Losses/(Gains) on Disposal of Assets		24	277
Unwinding of Discount Rates on Reinstatement Provisions		25	-
<i>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</i>			
Decrease/(Increase) in Receivables		2,310	(1,941)
Increase/(Decrease) in Provision for Doubtful Debts		-	118
Decrease/(Increase) in Inventories		(46)	73
Decrease/(Increase) in Other Assets		11	6
Increase/(Decrease) in Payables		(454)	346
Increase/(Decrease) in accrued Interest Payable		-	(1)
Increase/(Decrease) in other accrued Expenses Payable		45	-
Increase/(Decrease) in Other Liabilities		67	(26)
Increase/(Decrease) in Employee Leave Entitlements		81	45
Increase/(Decrease) in Other Provisions		-	24
<b>NET CASH PROVIDED FROM/(USED IN)</b>		<b>6,775</b>	<b>2,809</b>
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>6,775</b>	<b>2,809</b>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities <sup>(1)</sup>		50	50
Credit Cards / Purchase Cards		20	20
<b>Total Financing Arrangements</b>		<b>70</b>	<b>70</b>
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		4	3
<b>Total Financing Arrangements Utilised</b>		<b>4</b>	<b>3</b>

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

## (ii) Secured Loan Liabilities

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

## (e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

## 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 2013

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

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	7,592	6.94 : 1	4.77	4.32
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	1,094			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	223	1.87%	1.78%	2.32%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	11,936			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	7,457	49.57%	38.52%	47.66%
Income from Continuing Operations	15,042			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	444	5.57%	7.68%	8.92%
Rates, Annual & Extra Charges Collectible	7,970			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	2,380	70.85%	96.84%	16.21%
Depreciation, Amortisation & Impairment	3,359			

## Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).<sup>(3)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).<sup>(4)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Asset Renewals include building and infrastructure assets only.

Blayney Shire Council

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

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

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>4.12</td> </tr> <tr> <td>2011</td> <td>4.32</td> </tr> <tr> <td>2012</td> <td>4.77</td> </tr> <tr> <td>2013</td> <td>6.94</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	4.12	2011	4.32	2012	4.77	2013	6.94	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 6.94 : 1</b></p> <p>Council's Unrestricted Current Ratio has increased substantially from the previous year, it indicates that Council is comfortably able to satisfy its debts as and when they fall due.</p>
Year	Ratio : 1											
2010	4.12											
2011	4.32											
2012	4.77											
2013	6.94											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2.89%</td> </tr> <tr> <td>2011</td> <td>2.32%</td> </tr> <tr> <td>2012</td> <td>1.78%</td> </tr> <tr> <td>2013</td> <td>1.87%</td> </tr> </tbody> </table>	Year	Ratio %	2010	2.89%	2011	2.32%	2012	1.78%	2013	1.87%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 1.87%</b></p> <p>This ratio indicates Council requires 1.87% of its revenue to fund its loan repayments. This ratio compares very favourably with similar size Council's, indicating Council's strong capacity to meet its commitments.</p>
Year	Ratio %											
2010	2.89%											
2011	2.32%											
2012	1.78%											
2013	1.87%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>45.30%</td> </tr> <tr> <td>2011</td> <td>47.66%</td> </tr> <tr> <td>2012</td> <td>38.52%</td> </tr> <tr> <td>2013</td> <td>49.57%</td> </tr> </tbody> </table>	Year	Ratio %	2010	45.30%	2011	47.66%	2012	38.52%	2013	49.57%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 49.57%</b></p> <p>Council's reliance on rates income increased during this financial year as a result of an increase in Rates Revenue and a decrease in Government Grants.</p>
Year	Ratio %											
2010	45.30%											
2011	47.66%											
2012	38.52%											
2013	49.57%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>7.50%</td> </tr> <tr> <td>2011</td> <td>8.92%</td> </tr> <tr> <td>2012</td> <td>7.68%</td> </tr> <tr> <td>2013</td> <td>5.57%</td> </tr> </tbody> </table>	Year	Ratio %	2010	7.50%	2011	8.92%	2012	7.68%	2013	5.57%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 5.57%</b></p> <p>Council's result of 5.57% is a significant improvement to the previous year. Council staff will continue to maintain its recovery efforts throughout 2013/14 in an attempt to reduce outstanding rates and charges even further.</p>
Year	Ratio %											
2010	7.50%											
2011	8.92%											
2012	7.68%											
2013	5.57%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>45.32%</td> </tr> <tr> <td>2011</td> <td>16.21%</td> </tr> <tr> <td>2012</td> <td>96.84%</td> </tr> <tr> <td>2013</td> <td>70.85%</td> </tr> </tbody> </table>	Year	Ratio %	2010	45.32%	2011	16.21%	2012	96.84%	2013	70.85%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 70.85%</b></p> <p>The reduction this year is a result of the completion of the Community Centre. However, the higher result compared with recent years averages are a result of works undertaken as a result of the Mining Special Variation.</p>
Year	Ratio %											
2010	45.32%											
2011	16.21%											
2012	96.84%											
2013	70.85%											

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>(1)</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	n/a	55.43 : 1	6.94 : 1
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	n/a	47.88 : 1	4.77 : 1
	prior period:		
<b>2. Debt Service Ratio</b>			
Debt Service Cost	n/a	5.76%	0.98%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	n/a	8.02%	0.05%
	prior period:		
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	n/a	72.75%	47.36%
Income from Continuing Operations	n/a	85.69%	35.44%
	prior period:		
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	n/a	8.16%	5.22%
Rates, Annual & Extra Charges Collectible	n/a	8.87%	7.02%
	prior period:		
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	n/a	0.00%	81.93%
Depreciation, Amortisation & Impairment	n/a	0.00%	109.73%
	prior period:		

## Notes

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



## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 14. Investment Properties

\$ '000

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

## Note 15. Financial Risk Management

\$ '000

## Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	10,144	7,102	10,144	7,102
Investments				
- "Held to Maturity"	1,233	233	1,199	63
Receivables	703	3,152	703	3,152
<b>Total Financial Assets</b>	<b>12,080</b>	<b>10,487</b>	<b>12,046</b>	<b>10,317</b>
<b>Financial Liabilities</b>				
Payables	640	1,010	640	1,010
Loans / Advances	1,808	1,901	1,808	1,901
<b>Total Financial Liabilities</b>	<b>2,448</b>	<b>2,911</b>	<b>2,448</b>	<b>2,911</b>

Fair Value is determined as follows:

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

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## 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's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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.

2013	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values	64	64	(64)	(64)
Possible impact of a 1% movement in Interest Rates	114	114	(114)	(114)
2012				
Possible impact of a 10% movement in Market Values	10	10	(10)	(10)
Possible impact of a 1% movement in Interest Rates	62	61	(61)	(61)

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## 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 and carries out credit checks on most non-rate debtors.

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	1	110	-	2,377
Past due by up to 30 days	88	107	106	11
Past due between 31 and 180 days	48	42	57	64
Past due between 181 and 365 days	70	19	84	-
Past due by more than 1 year	161	200	194	403
	<u>368</u>	<u>478</u>	<u>440</u>	<u>2,855</u>
(ii) Movement in Provision for Impairment of Receivables			2013	2012
Balance at the beginning of the year			143	25
+ new provisions recognised during the year			-	118
Balance at the end of the year			<u>143</u>	<u>143</u>

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2013</b>									
Trade/Other Payables	165	475	-	-	-	-	-	640	640
Loans & Advances	-	222	222	222	222	222	1,646	2,756	1,908
<b>Total Financial Liabilities</b>	<b>165</b>	<b>697</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>1,646</b>	<b>3,396</b>	<b>2,448</b>
<b>2012</b>									
Trade/Other Payables	155	855	-	-	-	-	-	1,010	1,010
Loans & Advances	-	222	222	222	222	222	1,868	2,978	1,901
<b>Total Financial Liabilities</b>	<b>155</b>	<b>1,077</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>1,868</b>	<b>3,988</b>	<b>2,911</b>

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	640	0.0%	1,010	0.0%
Loans & Advances - Fixed Interest Rate	1,808	6.7%	1,901	6.7%
	<b>2,448</b>		<b>2,911</b>	

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 12 June 2012.

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

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

Note that for Variations\* of Budget to Actual :

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

F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	7,271	7,457	186	3%	F
User Charges & Fees	1,388	1,425	37	3%	F
Interest & Investment Revenue	386	482	96	25%	F
Interest and Investment Revenues are higher than original budgets due to the significant increase in our Cash and Investment position.					
Other Revenues	131	227	96	73%	F
Other Revenue is higher due to higher than anticipated insurance rebates received during the year and an increase in the diesel fuel rebate.					
Operating Grants & Contributions	3,171	3,815	644	20%	F
Council was awarded various unexpected operating grants for road works throughout the year.					
Capital Grants & Contributions	858	1,636	778	91%	F
Council was awarded various unexpected capital grants for road works throughout the year.					

## Blayney Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance' -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	5,121	4,951	170	3%	F
<b>Borrowing Costs</b>	223	155	68	30%	F
Unbudgeted amortisation of Tips and Quarries.					
<b>Materials &amp; Contracts</b>	2,664	3,357	(693)	(26%)	U
As a result of Council being awarded various unexpected capital grants for road works throughout the year.					
<b>Depreciation &amp; Amortisation</b>	4,461	4,627	(166)	(4%)	U
<b>Other Expenses</b>	1,431	1,843	(412)	(29%)	U
Other expenses were higher than budgeted for multiple reasons. The larger of these items include higher than anticipated election fees, water charges (due to a dry summer) and valuation fees.					
<b>Net Losses from Disposal of Assets</b>	-	24	(24)	0%	U

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

<b>Cash Flows from Operating Activities</b>	3,446	6,775	3,329	96.6%	F
As per above Council was awarded various unexpected capital grants for road works throughout the year.					
<b>Cash Flows from Investing Activities</b>	(3,266)	(3,640)	(372)	11.4%	U
As per above Interest and Investment Revenues are higher than original budgets due to the significant increase in Council's Cash and Investment position.					
<b>Cash Flows from Financing Activities</b>	637	(93)	(730)	(114.6%)	U
Original Budget included borrowing for the bridge replacement program. As a result in the delay of this project commencing, borrowings were not undertaken in the 2012/13 financial year. It is anticipated that this project will commence in 2013/2014.					

Blayreay Shire Council

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

Note 17. Statement of Developer Contributions

\$ '000

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

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

PURPOSE	Opening Balance	Contributions received during the Year			Interest earned In Year	Expenditure during Year	Borrowing (to)/from		Held as Restricted Asset	Future income	Projections		Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash	Internal			External	Exp still outstanding			Over or under Funding		
Roads	303	71	-	-	16	-	-	-	380	53	(442)	1	-
Open Space	36	1	-	-	2	-	-	-	39	2	(41)	-	-
Community Facilities	72	13	-	-	4	-	-	-	89	5	(94)	-	-
Other	10	6	-	-	1	-	-	-	17	1	(18)	-	-
SS4 Contributions - under a Plan	421	91	-	-	23	-	-	-	535	61	(595)	1	-
Total SS4 Revenue Under Plans	421	91	-	-	23	-	-	-	535				-
SS4 Contributions	617	11	-	-	29	-	-	-	657				-
Total Contributions	1,038	102	-	-	52	-	-	-	1,192	61	(595)	1	-