Bega Valley Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"Your place, Our place, Great place"

bega valley
shire council

Bega Valley Shire Council

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

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 31 October 2015.
Council has the power to amend and reissue these financial statements.

Bega Valley Shire Council

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

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &

2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

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

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

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

Bega Valley Shire Council

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

Statement by Councillors and Management
made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Council made on 23 September 2015.

Michael Britten
MAYOR

COUNCILLOR

Andrew Woodley (Acting)
GENERAL MANAGER

Lucas Scarpin
RESPONSIBLE ACCOUNTING OFFICER

Bega Valley Shire Council

Income Statement
for the financial year ended 30 June 2015

Budget 2015 [1]	$ '000	Notes	Actual 2015	Actual 2014
	Income from Continuing Operations			
	Revenue:			
44,770	Rates & Annual Charges	3a	44,723	43,310
15,139	User Charges & Fees	3b	14,831	14,213
2,073	Interest & Investment Revenue	3c	2,164	2,318
595	Other Revenues	3d	1,187	739
14,007	Grants & Contributions provided for Operating Purposes	3e,f	14,317	11,026 [2]
5,108	Grants & Contributions provided for Capital Purposes	3e,f	7,195	4,550
	Other Income:			
-	Net gains from the disposal of assets	5	75	-
81,692	Total Income from Continuing Operations		84,492	76,156
	Expenses from Continuing Operations			
27,791	Employee Benefits & On-Costs	4a	29,778	27,491
2,178	Borrowing Costs	4b	2,173	2,125
17,321	Materials & Contracts	4c	17,331	18,923
23,409	Depreciation & Amortisation	4d	22,181	23,296
7,205	Other Expenses	4e	6,312	6,122
-	Net Losses from the Disposal of Assets	5	-	150
77,904	Total Expenses from Continuing Operations		77,775	78,107
3,788	Operating Result from Continuing Operations		**6,717**	**(1,951)**
3,788	Net Operating Result for the Year		6,717	(1,951)
3,788	**Net Operating Result attributable to Council**		6,717	(1,951)
(1,320)	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		(478)	(6,501)

[1] Original Budget as approved by Council - refer Note 16

[2] Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to a change in how the grant was paid in prior years - refer Note 3 (e)

Bega Valley Shire Council

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

$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		**6,717**	**(1,951)**
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	8,146	10,143
Total Items which will not be reclassified subsequently to the Operating Result		*8,146*	*10,143*
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		**8,146**	**10,143**
Total Comprehensive Income for the Year		14,863	8,192
Total Comprehensive Income attributable to Council		14,863	8,192

Bega Valley Shire Council

Statement of Financial Position
as at 30 June 2015

$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	5,127	27,347
Investments	6b	49,000	26,000
Receivables	7	5,820	5,401
Inventories	8	761	770
Other	8	-	15
Total Current Assets		**60,708**	**59,533**
Non-Current Assets			
Receivables	7	29	45
Infrastructure, Property, Plant & Equipment	9	1,003,797	988,737
Total Non-Current Assets		**1,003,826**	**988,782**
TOTAL ASSETS		1,064,534	1,048,315
LIABILITIES			
Current Liabilities			
Payables	10	9,633	5,483
Borrowings	10	2,741	3,006
Provisions	10	7,057	7,131
Total Current Liabilities		**19,431**	**15,620**
Non-Current Liabilities			
Borrowings	10	30,271	32,760
Provisions	10	4,236	4,202
Total Non-Current Liabilities		**34,507**	**36,962**
TOTAL LIABILITIES		53,938	52,582
Net Assets		1,010,596	995,733
EQUITY			
Retained Earnings	20	550,766	544,049
Revaluation Reserves	20	459,830	451,684
Total Equity		1,010,596	995,733

Bega Valley Shire Council

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

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		544,049	451,684	**995,733**	-	**995,733**
a. Correction of Prior Period Errors	20 (c)	-	-	**-**	-	**-**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	**-**	-	**-**
Revised Opening Balance (as at 1/7/14)		**544,049**	**451,684**	**995,733**	**-**	**995,733**
c. Net Operating Result for the Year		**6,717**	**-**	**6,717**	**-**	**6,717**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	8,146	**8,146**	-	**8,146**
Other Comprehensive Income		**-**	**8,146**	**8,146**	**-**	**8,146**
Total Comprehensive Income (c&d)		**6,717**	**8,146**	**14,863**	**-**	**14,863**
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	**-**	-	**-**
f. Transfers between Equity		-	-	**-**	-	**-**
Equity - Balance at end of the reporting period		**550,766**	**459,830**	**1,010,596**	**-**	**1,010,596**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		546,000	441,541	**987,541**	-	**987,541**
a. Correction of Prior Period Errors	20 (c)	-	-	**-**	-	**-**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	**-**	-	**-**
Revised Opening Balance (as at 1/7/13)		**546,000**	**441,541**	**987,541**	**-**	**987,541**
c. Net Operating Result for the Year		(1,951)	-	**(1,951)**	-	**(1,951)**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,143	**10,143**	-	**10,143**
Other Comprehensive Income		**-**	**10,143**	**10,143**	**-**	**10,143**
Total Comprehensive Income (c&d)		**(1,951)**	**10,143**	**8,192**	**-**	**8,192**
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	**-**	-	**-**
f. Transfers between Equity		-	-	**-**	-	**-**
Equity - Balance at end of the reporting period		**544,049**	**451,684**	**995,733**	**-**	**995,733**

Bega Valley Shire Council

Statement of Cash Flows
for the financial year ended 30 June 2015

Budget 2015	$ '000	Notes	Actual 2015	Actual 2014
	Cash Flows from Operating Activities			
	Receipts:			
44,761	Rates & Annual Charges		44,864	43,322
14,917	User Charges & Fees		15,031	15,903
2,073	Investment & Interest Revenue Received		2,125	2,371
18,989	Grants & Contributions		21,336	16,040
-	Bonds, Deposits & Retention amounts received		296	-
595	Other		594	4,909
	Payments:			
(27,779)	Employee Benefits & On-Costs		(29,184)	(30,377)
(14,631)	Materials & Contracts		(14,392)	(22,199)
(2,178)	Borrowing Costs		(2,191)	(2,093)
-	Bonds, Deposits & Retention amounts refunded		-	(119)
(7,444)	Other		(6,003)	(6,751)
29,303	**Net Cash provided (or used in) Operating Activities**	11b	32,476	21,006
	Cash Flows from Investing Activities			
	Receipts:			
2,034	Sale of Infrastructure, Property, Plant & Equipment		1,666	1,216
-	Deferred Debtors Receipts		78	16
	Payments:			
-	Purchase of Investment Securities		(23,000)	(9,000)
(35,322)	Purchase of Infrastructure, Property, Plant & Equipment		(30,686)	(30,837)
(33,288)	**Net Cash provided (or used in) Investing Activities**		(51,942)	(38,605)
	Cash Flows from Financing Activities			
	Receipts:			
3,170	Proceeds from Borrowings & Advances		-	5,000
-	Proceeds from Finance Leases		267	-
	Payments:			
(2,868)	Repayment of Borrowings & Advances		(3,005)	(2,454)
302	**Net Cash Flow provided (used in) Financing Activities**		(2,754)	2,546
(3,683)	**Net Increase/(Decrease) in Cash & Cash Equivalents**		(22,220)	(15,053)
54,157	plus: **Cash & Cash Equivalents - beginning of year**	11a	27,347	42,400
50,474	**Cash & Cash Equivalents - end of the year**	11a	5,127	27,347
	Additional Information:			
	plus: **Investments on hand - end of year**	6b	49,000	26,000
	Total Cash, Cash Equivalents & Investments		54,127	53,347

Please refer to Note 11 for additional cash flow information

Bega Valley Shire Council

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

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n/a - not applicable

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

(b) specifically exclude application by Not for Profit entities.

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

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

(iii) New and amended standards adopted by Council

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

(iv) Early adoption of Accounting Standards

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

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

(v) Basis of Accounting

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

(i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,

(ii) the write down of any Asset on the basis of Impairment (if warranted) and

(iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

(i) Estimated fair values of investment properties

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

(iii) Estimated remediation provisions.

Critical judgements in applying Council's accounting policies

(i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

Bega Valley Shire Council

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

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

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

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

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Water Supply
- Sewerage Service

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

- *Twyford Hall Committee*

The **(i)** total income and expenditure from continuing operations and **(ii)** the net assets held by these excluded Committees & Operations is as follows:

Total income from continuing operations	$153,431
Total expenditure from continuing operations	$39,033
Total net assets held (ie Equity)	$926,825

Note:
Where actual figures are not known, best estimates have been applied.

(ii) The Trust Fund

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

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

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

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

(iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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.

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.

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

(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.

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

- **Investment Properties** – refer Note 1(p),

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

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

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

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

Capitalisation Thresholds

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

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised
Plant & Equipment	
Office Furniture	> $10,000
Office Equipment	> $10,000
Other Plant &Equipment	> $10,000
Buildings & Land Improvements	
Park Furniture & Equipment	> $10,000
Building	
- construction/extensions	100% Capitalised
- renovations	> $10,000
Other Structures	> $10,000
Water & Sewer Assets	
Reticulation extensions	> $10,000
Other	> $10,000

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

Stormwater Assets	
Drains & Culverts	> $10,000
Other	> $10,000
Transport Assets	
Road construction & reconstruction	> $10,000
Reseal/Re-sheet & major repairs	> $10,000
Bridge construction & reconstruction	> $10,000
Other Infrastructure Assets	
Swimming Pools	> $10,000
Other Open Space/Recreational Assets	> $10,000
Other Infrastructure	> $10,000

Depreciation

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

Land is not depreciated.

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

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 10 years
Other Equipment	
- Playground equipment	5 to 40 years
- Benches, seats etc	10 to 20 years
Buildings	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years
Water & Sewer Assets	
- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes	80 years
- Sewer Treatment Plants	50 years
Stormwater Assets	
- Drains	100 years
Transportation Assets	
- Roads	20 to 90 years
- Bridges	60 to 100 years
- Car Parks	100 years
- Kerb, Gutter & Paths	70 years
Other Infrastructure Assets	
- Bulk earthworks	Infinite
- Swimming Pools	> $10,000
- Other Open Space /Recreational Assets	> $10,000
- Other Infrastructure	> $10,000
Other Assets	
- Library Books	10 years

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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.

Council has no Investment property at reporting date

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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.

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

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

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

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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;
- 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.

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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.

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was $787k.

The amount of additional contributions included in the total employer contribution advised above is $351k.

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

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

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

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

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

(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 form the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

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

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

Applicable to Local Government:

AASB 9 - Financial Instruments *(and associated amending standards)*

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

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

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

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

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

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

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

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

Bega Valley Shire Council

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

Note 1. Summary of Significant Accounting Policies

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

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

AASB 124 - Related Party Disclosures

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

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

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

Not applicable to Local Government per se;

None

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

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

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

$ '000	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
Functions/Activities	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 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	-	1,545	1,544	1,712	(1,545)	(1,544)	(1,712)	2	80	2,108	-
Administration	737	974	737	7,800	9,686	3,927	(7,063)	(8,712)	(3,190)	176	136	62,248	75,491
Public Order & Safety	1,002	917	987	1,977	1,933	2,016	(975)	(1,016)	(1,029)	516	716	1,690	1,111
Health	110	133	84	385	356	356	(275)	(223)	(272)	-	-	-	-
Environment	9,330	10,460	9,752	9,193	9,370	9,586	137	1,090	166	758	453	43,864	39,043
Community Services & Education	3,632	3,482	3,878	4,878	4,508	4,936	(1,246)	(1,026)	(1,058)	2,636	3,063	4,713	1,736
Housing & Community Amenities	834	730	914	4,166	4,231	5,080	(3,332)	(3,501)	(4,166)	12	79	-	15,910
Water Supplies	11,304	10,202	10,674	11,376	11,511	11,498	(72)	(1,309)	(824)	145	151	206,342	205,488
Sewerage Services	17,712	17,123	17,032	17,978	16,690	17,214	(266)	433	(182)	127	126	199,463	198,003
Recreation & Culture	1,870	1,883	1,442	4,781	5,254	6,323	(2,911)	(3,371)	(4,881)	552	567	121,374	102,595
Mining, Manufacturing & Construction	1,347	1,332	1,253	1,346	721	1,242	1	611	11	-	-	501	236
Transport & Communication	4,815	8,340	4,689	11,062	10,532	12,630	(6,247)	(2,192)	(7,941)	5,831	3,793	419,542	408,702
Economic Affairs	405	839	455	1,417	1,439	1,587	(1,012)	(600)	(1,132)	-	103	2,689	-
Total Functions & Activities	**53,098**	**56,415**	**51,897**	**77,904**	**77,775**	**78,107**	**(24,806)**	**(21,360)**	**(26,210)**	**10,755**	**9,267**	**1,064,534**	**1,048,315**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income [1]	28,594	28,077	24,259	-	-	-	28,594	28,077	24,259	7,131	3,654	-	-
Operating Result from Continuing Operations	**81,692**	**84,492**	**76,156**	**77,904**	**77,775**	**78,107**	**3,788**	**6,717**	**(1,951)**	**17,886**	**12,921**	**1,064,534**	**1,048,315**

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

Bega Valley Shire Council

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

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

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

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

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

PUBLIC ORDER & SAFETY
Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

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

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

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

HOUSING & COMMUNITY AMENITIES
Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

WATER SUPPLIES
SEWERAGE SERVICES

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

MINING, MANUFACTURING & CONSTRUCTION
Building control, abattoirs, quarries & pits, other.

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

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

Bega Valley Shire Council

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

Note 3. Income from Continuing Operations

$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		16,285	15,800
Farmland		1,837	1,798
Business		2,083	2,088
Total Ordinary Rates		**20,205**	**19,686**
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		6,581	6,382
Stormwater Management Services		285	281
Water Supply Services		2,860	2,762
Sewerage Services		14,067	13,513
Waste Management Services (non-domestic)		725	686
Total Annual Charges		**24,518**	**23,624**
TOTAL RATES & ANNUAL CHARGES		44,723	43,310

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

Bega Valley Shire Council

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

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		6,011	6,235
Sewerage Services		1,541	1,336
Total User Charges		**7,552**	**7,571**
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		1,356	1,404
Private Works - Section 67		496	332
Regulatory Fees		75	113
Section 149 Certificates (EPA Act)		125	137
Section 603 Certificates		86	84
Tapping Fees		152	206
Total Fees & Charges - Statutory/Regulatory		**2,290**	**2,276**
(ii) Fees & Charges - Other(incl. General User Charges (per s.608)			
Cemeteries		305	314
Child Care		811	760
Community Centres		88	116
Gravel Pits		-	117
Lease Rentals		417	299
Leaseback Fees - Council Vehicles		288	281
Library & Art Gallery		21	25
Refuse & Effluent Disposal		28	24
Recycling Income (Non Domestic)		191	107
Sundry Sales		28	9
Swimming Centres		758	616
Waste Disposal Tipping Fees		1,649	1,406
Committee Funds		75	10
Food Shop Inspections		85	75
Planning & Building - discretionary		233	197
Other		12	10
Total Fees & Charges - Other		**4,989**	**4,366**
TOTAL USER CHARGES & FEES		14,831	14,213

Bega Valley Shire Council

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

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		148	164
- Interest earned on Investments (interest & coupon payment income)		1,820	1,961
- Interest & Dividend Income (Other)		196	188
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		-	5
TOTAL INTEREST & INVESTMENT REVENUE		2,164	2,318
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		64	65
General Council Cash & Investments		677	854
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		52	76
- Section 64		247	266
Water Fund Operations		393	447
Sewerage Fund Operations		495	588
Domestic Waste Management operations		236	22
Total Interest & Investment Revenue Recognised		**2,164**	**2,318**
(d) Other Revenues			
Fines		62	60
Legal Fees Recovery - Rates & Charges (Extra Charges)		296	271
Legal Fees Recovery - Other		2	3
Commissions & Agency Fees		9	11
Diesel Rebate		122	139
Insurance Claim Recoveries		142	88
Sales - General		542	162
Fundraising & Donations		12	5
TOTAL OTHER REVENUE		1,187	739

Bega Valley Shire Council

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

Note 3. Income from Continuing Operations (continued)

$ '000		2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants					
General Purpose (Untied)					
Financial Assistance - General Component	[1]	4,938	2,393	-	-
Financial Assistance - Local Roads Component	[1]	1,833	903	-	-
Pensioners' Rates Subsidies - General Component		360	358	-	-
Total General Purpose		**7,131**	**3,654**	**-**	**-**

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

Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	145	144	-	-
- Sewerage	127	126	-	-
- Domestic Waste Management	157	157	-	-
Bushfire & Emergency Services	472	517	-	156
Child Care	1,519	1,577	-	-
Community Care	1,109	1,440	-	-
Economic Development	-	103	-	-
Employment & Training Programs	43	44	-	-
Environmental Protection	289	299	-	-
Heritage & Cultural	38	33	-	-
Library	104	108	-	200
LIRS Subsidy	267	80	-	-
Noxious Weeds	181	147	-	-
Recreation & Culture	58	10	360	150
Street Lighting	50	34	-	-
Transport (Roads to Recovery)	-	-	830	753
Transport (Other Roads & Bridges Funding)	2,219	2,112	2,340	912
Planning	12	36	-	-
Regulatory	44	42	-	-
Waste	-	-	131	-
Wharves and Jetties	-	3	260	13
Sporting Ground	-	71	-	-
Total Specific Purpose	**6,834**	**7,083**	**3,921**	**2,184**
Total Grants	**13,965**	**10,737**	**3,921**	**2,184**

Grant Revenue is attributable to:				
- Commonwealth Funding	6,945	4,434	-	954
- State Funding	6,947	6,313	3,921	1,230
- Other Funding	73	(10)	-	-
	13,965	**10,737**	**3,921**	**2,184**

Bega Valley Shire Council

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

Note 3. Income from Continuing Operations (continued)

$ '000		2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the LGA):					
S 94 - Contributions towards amenities/services		-	-	419	308
S 64 - Water Supply Contributions		-	-	420	700
S 64 - Sewerage Service Contributions		-	-	612	1,216
Total Developer Contributions	17	**-**	**-**	**1,451**	**2,224**
Other Contributions:					
Bushfire Services		39	80	180	-
Community Services		10	60	-	-
Paving		-	-	-	(1)
Recreation & Culture		32	-	10	-
Roads & Bridges		-	-	1,497	45
Sewerage (excl. Section 64 contributions)		-	-	128	98
Tourism		-	2	-	-
Administration		158	74	-	-
Airport		51	48	-	-
Library		62	19	-	-
Sporting Ground		-	-	8	-
Other		-	6	-	-
Total Other Contributions		**352**	**289**	**1,823**	**142**
Total Contributions		352	289	3,274	2,366
TOTAL GRANTS & CONTRIBUTIONS		14,317	11,026	7,195	4,550

$ '000	Actual 2015	Actual 2014
(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	11,021	9,539
add: Grants & contributions recognised in the current period but not yet spent:	3,492	8,187
less: Grants & contributions recognised in a previous reporting period now spent:	(3,925)	(6,705)
Net Increase (Decrease) in Restricted Assets during the Period	**(433)**	**1,482**
Unexpended and held as Restricted Assets	10,588	11,021
Comprising:		
- Specific Purpose Unexpended Grants	2,388	1,053
- Developer Contributions	8,200	9,968
	10,588	**11,021**

Bega Valley Shire Council

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

Note 4. Expenses from Continuing Operations

$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		22,267	20,688
Employee Termination Costs (where material - other than vested leave paid)		358	-
Travelling		288	265
Employee Leave Entitlements (ELE)		3,608	3,270
Superannuation		2,712	2,582
Workers' Compensation Insurance		540	640
Fringe Benefit Tax (FBT)		32	49
Payroll Tax		257	265
Training Costs (other than Salaries & Wages)		819	776
Protective Clothing		92	68
Other		85	170
Total Employee Costs		**31,058**	**28,773**
less: Capitalised Costs		(1,280)	(1,282)
TOTAL EMPLOYEE COSTS EXPENSED		29,778	27,491
Number of "Equivalent Full Time" Employees at year end		**360**	**366**
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		2,162	2,118
Interest on Advances		6	7
Charges relating to Finance Leases		5	-
Total Interest Bearing Liability Costs		**2,173**	**2,125**
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		**2,173**	**2,125**
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		2,173	2,125
(c) Materials & Contracts			
Raw Materials & Consumables		13,290	14,631
Contractor & Consultancy Costs		3,307	3,284
Auditors Remuneration [1]		55	54
Legal Expenses:			
- Legal Expenses: Planning & Development		62	32
- Legal Expenses: Debt Recovery		300	291
- Legal Expenses: Other		218	289
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment [2]		99	342
TOTAL MATERIALS & CONTRACTS		17,331	18,923

Bega Valley Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014

(c) Materials & Contracts (continued)

1. Auditor Remuneration

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

(i) Audit and Other Assurance Services		
- Audit & review of financial statements: Council's Auditor	55	53
- Audit & review of financial statements: Other Consolidated Entity Auditors	-	1
Remuneration for audit and other assurance services	**55**	**54**
Total Auditor Remuneration	**55**	**54**

2. Operating Lease Payments are attributable to:

Computers	99	342
Other	-	-
	99	**342**

$ '000	Notes	Impairment Costs Actual 2015	Impairment Costs Actual 2014	Depreciation/Amortisation Actual 2015	Depreciation/Amortisation Actual 2014

(d) Depreciation, Amortisation & Impairment

Plant and Equipment	-	-	1,489	1,637
Office Equipment	-	-	64	55
Land Improvements (depreciable)	-	-	85	85
Buildings - Specialised	-	-	1,123	911
Other Structures	-	-	78	79
Infrastructure:				
- Roads	-	-	6,065	6,261
- Bridges	-	-	1,879	1,903
- Footpaths	-	-	157	157
- Stormwater Drainage	-	-	343	339
- Water Supply Network	-	-	3,709	4,199
- Sewerage Network	-	-	6,258	6,764
- Swimming Pools	-	-	145	145
- Other Open Space/Recreational Assets	-	-	493	675
- Other Infrastructure	-	-	214	-
Other Assets				
- Library Books	-	-	79	86
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	-	-	22,181	23,296

Bega Valley Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014

(e) Other Expenses

Other Expenses for the year include the following:

Advertising	117	167
Bad & Doubtful Debts	175	7
Bank Charges	196	128
Cleaning [1]	176	166
Computer Software Charges	619	340
Contributions/Levies to Other Levels of Government		
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)	49	51
- NSW Fire Brigade Levy	66	66
- NSW Rural Fire Service Levy	484	480
Councillor Expenses - Mayoral Fee	40	37
Councillor Expenses - Councillors' Fees	192	188
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)	59	49
Donations, Contributions & Assistance to other organisations (Section 356)	279	324
Electricity & Heating	1,247	1,323
Fire Control Expenses	213	445
Insurance	741	790
Office Expenses (including computer expenses)	180	140
Postage	101	93
Printing & Stationery	278	229
Street Lighting	246	289
Subscriptions & Publications	88	31
Telephone & Communications	272	285
Tourism Expenses (excluding employee costs)	391	383
Valuation Fees	103	111
TOTAL OTHER EXPENSES	6,312	6,122

[1] Cleaning includes cleaning services across the Administration Buildings and Childcare Centres only it excludes cleaning of Public Amenities, Street Sweeping, etc

Bega Valley Shire Council

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

Note 5. Gains or Losses from the Disposal of Assets

$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		200	200
less: Carrying Amount of Property Assets Sold / Written Off		(200)	(200)
Net Gain/(Loss) on Disposal		**-**	**-**
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,466	1,016
less: Carrying Amount of P&E Assets Sold / Written Off		(1,391)	(1,166)
Net Gain/(Loss) on Disposal		**75**	**(150)**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		75	(150)

Bega Valley Shire Council

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

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

$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,127	-	2,347	-
Cash-Equivalent Assets [1]					
- Short Term Deposits		4,000	-	25,000	-
Total Cash & Cash Equivalents		**5,127**	**-**	**27,347**	**-**
Investments (Note 6b)					
- Term Deposits		49,000	-	26,000	-
Total Investments		**49,000**	**-**	**26,000**	**-**
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		54,127	-	53,347	-

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

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

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		**5,127**	**-**	**27,347**	**-**
Investments					
b. "Held to Maturity"	6(b-i)	49,000	-	26,000	-
Investments		**49,000**	**-**	**26,000**	**-**

Note 6(b-i)
Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year	26,000	-	17,000	-
Additions	23,000	-	9,000	-
Balance at End of Year	**49,000**	**-**	**26,000**	**-**
Comprising:				
- Other Long Term Financial Assets	49,000	-	26,000	-
Total	**49,000**	**-**	**26,000**	**-**

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

Bega Valley Shire Council

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

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

$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Total Cash, Cash Equivalents and Investments	54,127	-	53,347	-
attributable to:				
External Restrictions (refer below)	42,093	-	41,524	-
Internal Restrictions (refer below)	8,560	-	10,264	-
Unrestricted	3,474	-	1,559	-
	54,127	**-**	**53,347**	**-**

2015 $ '000		Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions					
External Restrictions - Included in Liabilities					
Specific Purpose Unexpended Loans-General	(A)	2,051	-	(1,562)	489
External Restrictions - Included in Liabilities		2,051	-	(1,562)	489
External Restrictions - Other					
Developer Contributions - General	(D)	1,614	1,750	(1,969)	1,395
Developer Contributions - Water Fund	(D)	5,099	-	(875)	4,224
Developer Contributions - Sewer Fund	(D)	3,255	-	(674)	2,581
Specific Purpose Unexpended Grants	(F)	1,053	1,335	-	2,388
Water Supplies	(G)	11,697	-	(1,079)	10,618
Sewerage Services	(G)	11,945	1,824	-	13,769
Domestic Waste Management	(G)	4,769	1,819	-	6,588
Tathra Beach Estate		41	-	-	41
External Restrictions - Other		39,473	6,728	(4,597)	41,604
Total External Restrictions		**41,524**	**6,728**	**(6,159)**	**42,093**

A Loan moneys which must be applied for the purposes for which the loans were raised.

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

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.

Bega Valley Shire Council

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

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

2015 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	555	-	(2)	553
Infrastructure Replacement	159	-	-	159
Employees Leave Entitlement	2,115	-	(464)	1,651
Carry Over Works	426	865	-	1,291
Childcare services (excl. ELE shown above)	741	-	(246)	495
Computer Reserve	377	111	-	488
Election Expenses	93	55	-	148
Environmental Management	149	-	(27)	122
Former Sec 355 Committees	721	34	-	755
Gravel Pit Operations	284	271	-	555
Operational Examination Contingency	131	-	-	131
Other Waste Management	343	201	-	544
Other Airport	10	119	-	129
Park Improvements	277	-	(63)	214
Property Development	3,071	-	(2,379)	692
Saleyards	31	10	-	41
Sporting Facilities	196	-	(4)	192
Sportsground sv Reserve	356	-	(168)	188
Energy Efficiency Fund	167	-	(120)	47
Brighter Futures Vehicle Reserve	30	-	-	30
Other	32	103	-	135
Total Internal Restrictions	**10,264**	**1,769**	**(3,473)**	**8,560**
TOTAL RESTRICTIONS	51,788	8,497	(9,632)	50,653

Bega Valley Shire Council

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

Note 7. Receivables

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Purpose					
Rates & Annual Charges		1,583	-	1,724	-
Interest & Extra Charges		165	-	167	-
User Charges & Fees		1,134	-	1,046	-
Private Works		685	-	784	-
Contributions to Works		18	-	-	-
Accrued Revenues					
- Interest on Investments		269	-	228	-
Government Grants & Subsidies		1,185	-	1,009	-
Deferred Debtors		9	-	42	45
Loans to Sporting Clubs		-	29	-	-
Net GST Receivable		813	-	504	-
Children Services		167	-	141	-
Other Debtors		211	-	-	-
Total		**6,239**	**29**	**5,645**	**45**
less: Provision for Impairment					
User Charges & Fees		(419)	-	(244)	-
Total Provision for Impairment - Receivables		**(419)**	**-**	**(244)**	**-**
TOTAL NET RECEIVABLES		5,820	29	5,401	45
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		70	-	79	-
- Other		472	-	692	-
Sewerage Services					
- Rates & Availability Charges		295	-	340	-
- Other		143	-	194	-
Total External Restrictions		**980**	**-**	**1,305**	**-**
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		**4,840**	**29**	**4,096**	**45**
TOTAL NET RECEIVABLES		5,820	29	5,401	45

Notes on Debtors above:

(i) Rates & Annual Charges Outstanding are secured against the property.

(ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.

(iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.

(iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Bega Valley Shire Council

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

Note 8. Inventories & Other Assets

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Inventories					
Real Estate for resale (refer below)		69	-	69	-
Stores & Materials		642	-	651	-
Loose Tools		50	-	50	-
Total Inventories		**761**	**-**	**770**	**-**
Other Assets					
Prepayments		-	-	15	-
Total Other Assets		**-**	**-**	**15**	**-**
TOTAL INVENTORIES / OTHER ASSETS		761	-	785	-
Externally Restricted Assets					
Water					
Stores & Materials		-	-	145	-
Total Water		**-**	**-**	**145**	**-**
Sewerage					
Stores & Materials		-	-	10	-
Total Sewerage		**-**	**-**	**10**	**-**
Domestic Waste Management					
Nil					
Other					
Nil					
Total Externally Restricted Assets		-	-	155	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		761	-	630	-
TOTAL INVENTORIES & OTHER ASSETS		**761**	**-**	**785**	**-**

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

Bega Valley Shire Council

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

Note 8. Inventories & Other Assets (continued)

$ '000	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Other Disclosures				
(a) Details for Real Estate Development				
Residential	69	-	69	-
Total Real Estate for Resale	**69**	**-**	**69**	**-**
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	69	-	69	-
Total Costs	**69**	**-**	**69**	**-**
Total Real Estate for Resale	**69**	**-**	**69**	**-**
Movements:				
Real Estate assets at beginning of the year	69	-	69	-
Total Real Estate for Resale	**69**	**-**	**69**	**-**

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

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2014					Asset Movements during the Reporting Period					as at 30/6/2015				
$ '000	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value
Capital Work in Progress	-	1,354	-	-	1,354	4,850	-	-	-	-	-	6,204	-	-	6,204
Plant & Equipment	-	18,233	8,665	-	9,568	3,847	(1,391)	(1,489)	-	-	-	18,626	8,091	-	10,535
Office Equipment	-	3,042	2,967	-	75	268	-	(64)	-	-	-	3,310	3,031	-	279
Furniture & Fittings	-	243	243	-	-	-	-	-	-	-	-	243	243	-	-
Land:															
- Operational Land	-	28,643	-	-	28,643	223	(200)	-	-	-	-	28,666	-	-	28,666
- Community Land	-	66,925	-	-	66,925	-	-	-	-	-	-	66,925	-	-	66,925
- Land under Roads (post 30/6/08)	-	-	-	-	-	540	-	-	-	-	-	540	-	-	540
Land Improvements - depreciable	-	7,367	288	-	7,079	172	-	(85)	-	-	-	7,540	374	-	7,166
Buildings - Specialised	-	62,511	12,508	-	50,003	1,887	-	(1,123)	-	-	-	64,399	13,632	-	50,767
Other Structures	-	2,516	299	-	2,217	311	-	(78)	-	-	-	2,788	338	-	2,450
Infrastructure:															
- Roads	-	320,666	164,594	-	156,072	7,390	-	(6,065)	-	16,021	-	362,888	189,470	-	173,418
- Bridges	-	168,105	61,587	-	106,518	1,588	-	(1,879)	(18,822)	-	-	166,610	79,205	-	87,405
- Footpaths	-	9,444	3,208	-	6,236	-	-	(157)	(1,601)	-	-	8,489	4,011	-	4,478
- Bulk Earthworks (non-depreciable)	-	130,734	-	-	130,734	147	-	-	-	5,061	-	135,942	-	-	135,942
- Stormwater Drainage	-	33,895	9,661	-	24,234	372	-	(343)	-	1,976	-	36,745	10,506	-	26,239
- Water Supply Network	-	299,402	111,641	-	187,761	4,084	-	(3,709)	-	2,822	-	308,037	117,079	-	190,958
- Sewerage Network	-	288,942	106,967	-	181,975	3,585	-	(6,258)	-	2,689	-	296,915	114,924	-	181,991
- Swimming Pools	-	7,778	577	-	7,201	43	-	(145)	-	-	-	7,821	722	-	7,099
- Other Open Space/Recreational Assets	-	20,750	6,299	-	14,451	1,288	-	(493)	-	-	-	22,050	6,804	-	15,246
- Other Infrastructure	-	9,223	1,939	-	7,284	-	-	(214)	-	-	-	9,223	2,153	-	7,070
Other Assets:															
- Library Books	-	1,863	1,456	-	407	91	-	(79)	-	-	-	1,953	1,534	-	419
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)**:**															
- Tip Assets	-	3,809	3,809	-	-	-	-	-	-	-	-	3,809	3,809	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	**-**	**1,485,445**	**496,708**	**-**	**988,737**	**30,686**	**(1,591)**	**(22,181)**	**(20,423)**	**28,569**	**-**	**1,559,723**	**555,926**	**-**	**1,003,797**

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals ($16,779) and New Assets ($13,639).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Bega Valley Shire Council

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

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

$ '000	Actual 2015				Actual 2014			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	44	44	**-**	-	62	48	**14**
Infrastructure	-	308,037	117,079	**190,958**	-	299,403	111,641	**187,762**
Total Water Supply	**-**	**308,081**	**117,123**	**190,958**	**-**	**299,465**	**111,689**	**187,776**
Sewerage Services								
WIP	-	259	-	**259**	-	-	-	**-**
Plant & Equipment	-	1,162	737	**425**	-	999	715	**284**
Infrastructure	-	296,915	114,924	**181,991**	-	288,942	106,967	**181,975**
Total Sewerage Services	**-**	**298,336**	**115,661**	**182,675**	**-**	**289,941**	**107,682**	**182,259**
Domestic Waste Management								
Land								
- Operational Land	-	2,535	-	**2,535**	-	2,685	-	**2,685**
- Community Land	-	445	-	**445**	-	-	-	**-**
- Improvements - depreciable	-	7,468	367	**7,101**	-	7,295	283	**7,012**
Other Assets	-	3,808	-	**3,808**	-	3,808	3,808	**-**
Total DWM	**-**	**14,256**	**367**	**13,889**	**-**	**13,788**	**4,091**	**9,697**
TOTAL RESTRICTED I,PP&E	**-**	**620,673**	**233,151**	**387,522**	**-**	**603,194**	**223,462**	**379,732**

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

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

Bega Valley Shire Council

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

Note 10a. Payables, Borrowings & Provisions

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Payables					
Goods & Services - operating expenditure		6,222	-	3,292	-
Payments Received In Advance		591	-	577	-
Accrued Expenses:					
- Borrowings		286	-	304	-
- Salaries & Wages		1,219	-	585	-
Security Bonds, Deposits & Retentions		1,315	-	1,019	-
ATO - Net GST Payable		-	-	(294)	-
Total Payables		**9,633**	**-**	**5,483**	**-**
Borrowings					
Loans - Secured [1]		2,692	30,069	3,006	32,760
Finance Lease Liabilities		49	202	-	-
Total Borrowings		**2,741**	**30,271**	**3,006**	**32,760**
Provisions					
Employee Benefits;					
Annual Leave		2,365	-	2,268	-
Long Service Leave		4,576	219	4,744	185
Other Leave		116	-	119	-
Sub Total - Aggregate Employee Benefits		**7,057**	**219**	**7,131**	**185**
Asset Remediation/Restoration (Future Works)	26	-	4,017	-	4,017
Total Provisions		**7,057**	**4,236**	**7,131**	**4,202**
Total Payables, Borrowings & Provisions		19,431	34,507	15,620	36,962

(i) Liabilities relating to Restricted Assets

	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Externally Restricted Assets				
Water	301	4	1,292	1
Sewer	1,304	20,595	2,083	21,538
Liabilities relating to externally restricted assets	1,605	20,599	3,375	21,539
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	1,605	20,599	3,375	21,539
Total Liabilities relating to Unrestricted Assets	17,826	13,908	12,245	15,423
TOTAL PAYABLES, BORROWINGS & PROVISIONS	19,431	34,507	15,620	36,962

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

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

Bega Valley Shire Council

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

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

$ '000	Actual 2015	Actual 2014
(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	4,390	3,700
	4,390	**3,700**

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Annual Leave	2,268	97	-	-	-	**2,365**
Long Service Leave	4,929	-	(134)	-	-	**4,795**
Other Leave	119	-	(3)	-	-	**116**
Asset Remediation	4,017	-	-	-	-	**4,017**
TOTAL	**11,333**	**97**	**(137)**	**-**	**-**	**11,293**

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.

Bega Valley Shire Council

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

Note 11. Statement of Cash Flows - Additional Information

$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	5,127	27,347
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		**5,127**	**27,347**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**6,717**	**(1,951)**
Adjust for non cash items:			
Depreciation & Amortisation		22,181	23,296
Net Losses/(Gains) on Disposal of Assets		(75)	150
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest on all fair value adjusted Interest Free Advances made by Council		-	(5)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(656)	954
Increase/(Decrease) in Provision for Doubtful Debts		175	8
Decrease/(Increase) in Inventories		9	(179)
Decrease/(Increase) in Other Assets		15	522
Increase/(Decrease) in Payables		2,930	(1,140)
Increase/(Decrease) in accrued Interest Payable		(18)	32
Increase/(Decrease) in other accrued Expenses Payable		634	(90)
Increase/(Decrease) in Other Liabilities		604	(24)
Increase/(Decrease) in Employee Leave Entitlements		(40)	94
Increase/(Decrease) in Other Provisions		-	(661)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		**32,476**	**21,006**

(c) Non-Cash Investing & Financing Activities

Nil

(d) Financing Arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank Overdraft Facilities [1]	1,000	1,000
Total Financing Arrangements	**1,000**	**1,000**

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.
Represents a floating overdraft between Bank Account and Purchase Cards

(ii) Secured Loan Liabilities

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

Bega Valley Shire Council

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

Note 12. Commitments for Expenditure

$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		426	3,000
Infrastructure		795	806
Total Commitments		**1,221**	**3,806**
These expenditures are payable as follows:			
Within the next year		1,221	806
Later than one year and not later than 5 years		-	3,000
Total Payable		**1,221**	**3,806**
Sources for Funding of Capital Commitments:			
Externally Restricted Reserves		795	806
Internally Restricted Reserves		-	2,355
Unexpended Loans		-	645
New Loans (to be raised)		426	-
Total Sources of Funding		**1,221**	**3,806**
(b) Finance Lease Commitments			
(i) Commitments under Finance Leases at the Reporting Date are payable as follows:			
Within the next year		49	-
Later than one year and not later than 5 years		202	-
Total Minimum Lease Payments		**251**	**-**
less: Future Finance Charges		-	-
Amount Recognised as a Liability		**251**	**-**
(ii) Finance Lease Liability Recognised represent;			
Current Liabilities		49	-
Non-Current Liabilities		202	-
Total Finance Lease Liabilities Disclosed		**251**	**-**
(i) General Details			
Council Leases the following Property, Plant & Equipment under Finance Leases:			
Other Equipment/Assets		251	-
Total Carrying Value at Year End		**251**	**-**

Bega Valley Shire Council

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

Note 12. Commitments for Expenditure (continued)

$ '000	Notes	Actual 2015	Actual 2014

(c) Operating Lease Commitments (Non Cancellable)

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

Within the next year	98	200
Later than one year and not later than 5 years	118	413
Later than 5 years	-	26
Total Non Cancellable Operating Lease Commitments	**216**	**639**

b. Non Cancellable Operating Leases include the following assets:
Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to Finance & Operating Leases:
- All Finance & Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment Property Commitments

Nil

Bega Valley Shire Council

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

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

$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014	2013
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses	(553)	-0.72%	-8.87%	-3.82%
Total continuing operating revenue [1] (excl. Capital Grants & Contributions)	77,222			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (excl. ALL Grants & Contributions)	62,905	74.52%	79.55%	67.81%
Total continuing operating revenue [1]	84,417			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2]	17,635	1.31x	1.94	2.50
Current Liabilities less Specific Purpose Liabilities [3, 4]	13,436			
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation	23,801	4.58x	4.16	5.10
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	5,194			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	1,748	3.71%	4.14%	4.42%
Rates, Annual and Extra Charges Collectible	47,058			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits x12	54,127	11.85 mths	10.00	10.43
Payments from cash flow of operating and financing activities	4,566			

Notes

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

[2] Refer Notes 6-8 inclusive.
Also excludes any real estate & land for resale not expected to be sold in the next 12 months

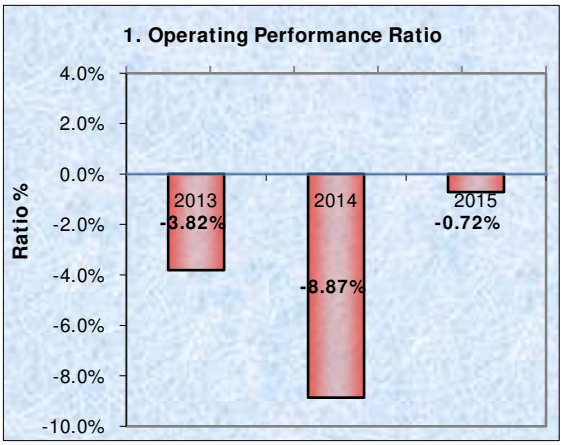
[3] Refer to Note 10(a).

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

Bega Valley Shire Council

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

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



Purpose of Operating Performance Ratio

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

Commentary on 2014/15 Result

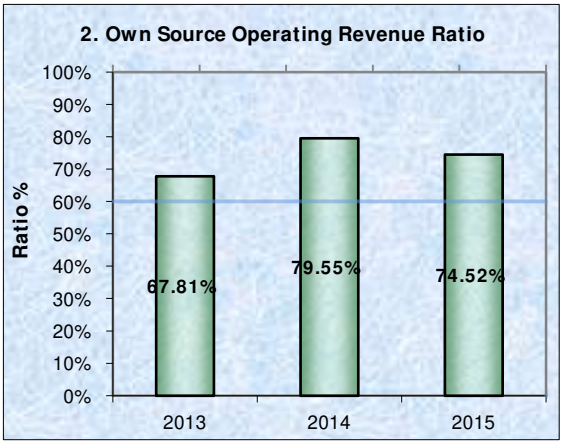
2014/15 Ratio -0.72%

Council's Operating Performance Ratio is still a deficit but this is due to higher deficits in Water and Sewer Funds. General Fund has returned to a Surplus which is principally due to the Financial Assistance Grant being fully paid in the normal cycle.

Benchmark: ——— Minimum >=0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Own Source Operating Revenue Ratio

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

Commentary on 2014/15 Result

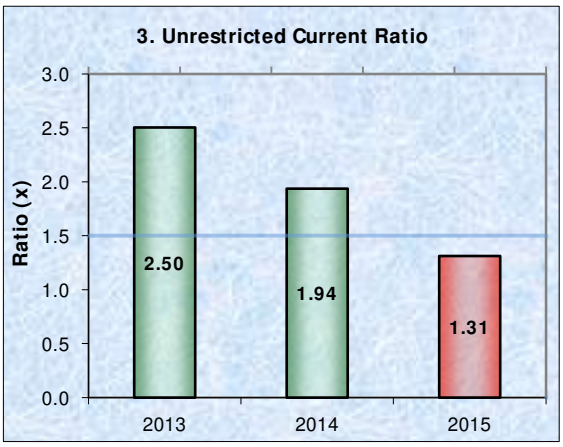
2014/15 Ratio 74.52%

Council's Own Source Revenue continues to be above the benchmark.

Benchmark: ——— Minimum >=60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Unrestricted Current Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 1.31x

Council's Unrestricted Current Ratio is below benchmark due to deferral of two signifant proposed borrowings totalling $3Mil to next financial year. This means that Council had to use surplus cash in the interim to fund those projects.

Benchmark: ——— Minimum >=1.50

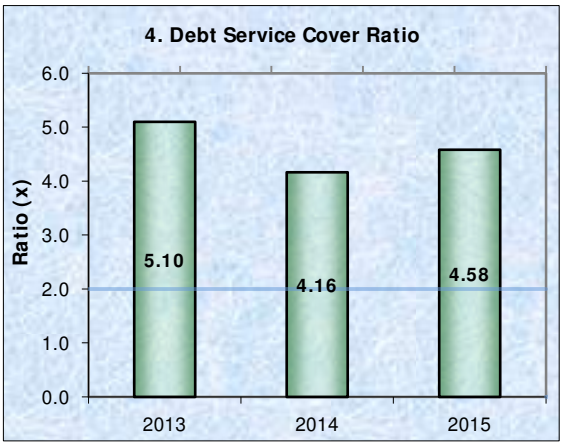
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark

Bega Valley Shire Council

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

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



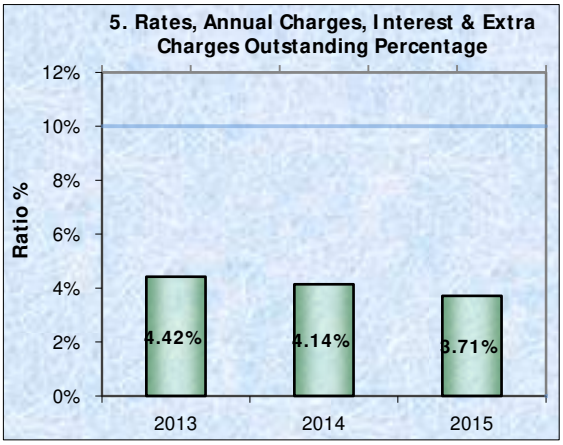
Purpose of Debt Service Cover Ratio	Commentary on 2014/15 Result
	2014/15 Ratio 4.58x
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	Council's debt service ratio is in stron postion. This shows that Council has sufficient fund to meet its debt obligation

Benchmark: ——— Minimum >=2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark

Ratio is outside Benchmark



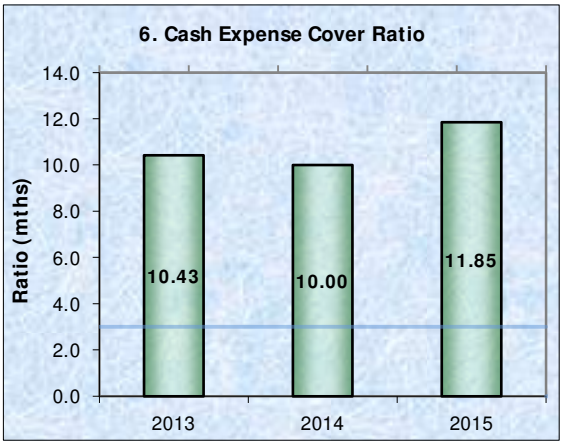
Purpose of Rates & Annual Charges Outstanding Ratio	Commentary on 2014/15 Result
	2014/15 Ratio 3.71%
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	Council's strong debt collection procedure has been demostrated through this ratio which is well under the industry benchmark of 10% for Rural and 5% for Urban Councils

Benchmark: ——— Maximum <10.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark

Ratio is outside Benchmark



Purpose of Cash Expense Cover Ratio	Commentary on 2014/15 Result
	2014/15 Ratio 11.85 mths
This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.	Council has again demonstrated a very strong liquidity ratio which is well above the benchmark

Benchmark: ——— Minimum >=3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark

Ratio is outside Benchmark

Bega Valley Shire Council

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

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

$ '000		Water 2015	Sewer 2015	General [5] 2015
Local Government Industry Indicators - by Fund				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses / Total continuing operating revenue [1] (excl. Capital Grants & Contributions)		**-13.83%**	**-0.72%**	**1.91%**
	prior period:	-12.61%	-8.36%	-8.21%
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (excl. ALL Grants & Contributions) / Total continuing operating revenue [1]		**94.64%**	**94.97%**	**64.54%**
	prior period:	92.27%	91.60%	72.36%
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2] / Current Liabilities less Specific Purpose Liabilities [3, 4]		**37.08x**	**10.89x**	**1.31x**
	prior period:	9.76	6.00	1.94
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation / Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)		**770.67x**	**3.02x**	**5.19x**
	prior period:	972.00	3.00	4.08
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible		**2.45%**	**2.10%**	**4.59%**
	prior period:	2.86%	2.52%	5.01%
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits / Payments from cash flow of operating and financing activities x12		**0.00 mths**	**0.00 mths**	**17.71 mths**
	prior period:	0.00	0.00	8.32

Notes

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

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

Bega Valley Shire Council

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

Note 14. Investment Properties

$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	5,127	27,347	-	27,347
Investments				
- "Held to Maturity"	49,000	26,000	-	-
Receivables	5,849	5,446	-	5,446
Total Financial Assets	**59,976**	**58,793**	**-**	**32,793**
Financial Liabilities				
Payables	9,042	4,906	-	4,906
Loans / Advances	32,761	35,766	-	35,766
Total Financial Liabilities	**42,054**	**40,672**	**-**	**40,672**

Fair Value is determined as follows:

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

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

Bega Valley Shire Council

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

Note 15. Financial Risk Management (continued)

$ '000

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

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

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

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.

- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
2015	**Profit**	**Equity**	**Profit**	**Equity**
Possible impact of a 10% movement in Market Values	5,300	5,300	5,300	5,300
Possible impact of a 1% movement in Interest Rates	520	520	520	520
2014				
Possible impact of a 10% movement in Market Values	5,100	5,100	5,100	5,100
Possible impact of a 1% movement in Interest Rates	514	514	514	514

Bega Valley Shire Council

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

Note 15. Financial Risk Management (continued)

$ '000

(b) Receivables

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

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

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

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

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

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	79%	100%	100%
Overdue	100%	21%	0%	0%
	100%	**100%**	**100%**	**100%**

(ii) Ageing of Receivables - value		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
Rates & Annual Charges	**Other Receivables**				
Current	Current	-	3,679	1,724	3,966
< 1 year overdue	0 - 30 days overdue	1,583	515	-	-
1 - 2 years overdue	30 - 60 days overdue	-	28	-	-
2 - 5 years overdue	60 - 90 days overdue	-	8	-	-
> 5 years overdue	> 90 days overdue	-	455	-	-
		1,583	**4,685**	**1,724**	**3,966**

(iii) Movement in Provision for Impairment of Receivables	2015	2014
Balance at the beginning of the year	244	236
+ new provisions recognised during the year	175	8
Balance at the end of the year	**419**	**244**

Bega Valley Shire Council

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

Note 15. Financial Risk Management (continued)

$ '000

(c) Payables & Borrowings

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

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

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

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

$ '000	Subject to no maturity	payable in: ≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Total Cash Outflows	Actual Carrying Values
2015									
Trade/Other Payables	1,315	7,727	-	-	-	-	-	9,042	**9,042**
Loans & Advances	-	2,692	2,567	2,369	2,304	2,256	20,573	32,761	**32,761**
Lease Liabilities	-	49	202	-	-	-	-	251	**251**
Total Financial Liabilities	**1,315**	**10,468**	**2,769**	**2,369**	**2,304**	**2,256**	**20,573**	**42,054**	**42,054**
2014									
Trade/Other Payables	1,019	3,887	-	-	-	-	-	4,906	**4,906**
Loans & Advances	-	3,007	2,692	2,567	2,369	2,304	22,827	35,766	**35,766**
Total Financial Liabilities	**1,019**	**6,894**	**2,692**	**2,567**	**2,369**	**2,304**	**22,827**	**40,672**	**40,672**

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

The following interest rates were applicable to Council's Borrowings at balance date:	2015 Carrying Value	2015 Average Interest Rate	2014 Carrying Value	2014 Average Interest Rate
Trade/Other Payables	9,042	0.0%	4,906	0.0%
Loans & Advances - Fixed Interest Rate	32,761	6.5%	35,766	6.5%
Lease Liabilities	251	5.2%	-	
	42,054		40,672	

Bega Valley Shire Council

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

Note 16. Material Budget Variations

$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 25 June 2014.

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

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

Note that for Variations* of Budget to Actual :
Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.
F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

$ '000	2015 Budget	2015 Actual	2015 ---------- Variance* ----------		
REVENUES					
Rates & Annual Charges	44,770	44,723	(47)	(0%)	U
User Charges & Fees	15,139	14,831	(308)	(2%)	U
Interest & Investment Revenue	2,073	2,164	91	4%	F
Other Revenues	595	1,187	592	99%	F
Other Revenue includes extraordinary items not budgeted at start of the year including following major items:					
- Sale of Gaming Entitlments - 292k					
- Insurance Reimbursement - 130k					
- Fuel Tax Credits - 122k					
Operating Grants & Contributions	14,007	14,317	310	2%	F
Capital Grants & Contributions	5,108	7,195	2,087	41%	F
There were a number of Favourable and Unfavourable variances that resulted in Net Favourable result as follows:					
F Additional Repair Progarm Funding - 363k		U Developer Contributions - (1,636k)			
F Compesation for Old Princess Hwy - 1,343k		F Dedication of Old Princess Hwy - 1,497k			
F Other Additional Grants for Jetties - 260k, Waste - 131k, Bus Shelter - 60k, Parks - 60k					
Net Gains from Disposal of Assets	-	75	75	0%	F
Council didn't anticipated any Net Gains from Disposal of Assets in its adopted budget					

Bega Valley Shire Council

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

Note 16. Material Budget Variations (continued)

$ '000	2015 Budget	2015 Actual	2015 Variance*		
EXPENSES					
Employee Benefits & On-Costs	27,791	29,778	(1,987)	(7%)	U
Borrowing Costs	2,178	2,173	5	0%	F
Materials & Contracts	17,321	17,331	(10)	(0%)	U
Depreciation & Amortisation	23,409	22,181	1,228	5%	F
Other Expenses	7,205	6,312	893	12%	F
Lower than anticipated costs were incurred for utilities such as electricity and insurance due to better procurement practices					

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

Cash Flows from Operating Activities	29,303	32,476	3,173	10.8%	F
This variation is due to more than anticipated revenue from Grants and Contributions					
Cash Flows from Investing Activities	(33,288)	(51,942)	(18,654)	56.0%	U
The variation can be attributable to: - Classification of Investments with < 90 day maturity as Cash showing an unbudgeted inflow of Cash - Reduced cash outflow due to some capital projects being outstanding at year end that'll be carried forward into the next financial year					
Cash Flows from Financing Activities	302	(2,754)	(3,056)	(1011.9%)	U
Planned borrowing deferred along with the Capital Expenditure project as per above					

Bega Valley Shire Council

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

Note 17. Statement of Developer Contributions

$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	301	55	-	5	(360)	-	**1**	-	-	1	-
Open Space	197	66	-	6	(90)	-	**179**	-	-	179	-
Community Facilities	-	4	-	-	(4)	-	**-**	-	-	-	-
Streetscapes	-	2	-	-	-	-	**2**	-	-	2	-
Land Acquisition	-	85	-	-	(85)	-	**-**	-	-	-	-
S94 Contributions - under a Plan	**498**	**212**	**-**	**11**	**(539)**	**-**	**182**	**-**	**-**	**182**	**-**
S94A Levies - under a Plan	**-**	**12**	**-**	**-**	**-**	**-**	**12**				**-**
Total S94 Revenue Under Plans	**498**	**224**	**-**	**11**	**(539)**	**-**	**194**				**-**
S94 not under Plans	1,116	195	-	41	(151)	-	**1,201**	-	-	1,201	-
S64 Contributions	8,354	1,032	-	247	(2,828)	-	**6,805**				
Total Contributions	**9,968**	**1,451**	**-**	**299**	**(3,518)**	**-**	**8,200**	**-**	**-**	**1,383**	**-**

Bega Valley Shire Council

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

Note 17. Statement of Developer Contributions (continued)

$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Section 94 and 94A Contributions Plan 2014

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Roads	301	55	-	5	(360)	-	**1**	-	-	1	-
Open Space	197	66	-	6	(90)	-	**179**	-	-	179	-
Community Facilities	-	4	-	-	(4)	-	**-**	-	-	-	-
Streetscapes	-	2	-	-	-	-	**2**	-	-	2	-
Land Acquisition	-	85	-	-	(85)	-	**-**	-	-	-	-
Total	**498**	**212**	**-**	**11**	**(539)**	**-**	**182**	**-**	**-**	**182**	**-**

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Other	-	12	-	-	-	-	**12**	-	-		-
Total	**-**	**12**	**-**	**-**	**-**	**-**	**12**				**-**

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Parking	939	-	-	29	(151)	-	**817**	-	-	817	-
Public Reserve Acquisition	177	195	-	12	-	-	**384**	-	-	384	-
Total	**1,116**	**195**	**-**	**41**	**(151)**	**-**	**1,201**	**-**	**-**	**1,201**	**-**

Bega Valley Shire Council

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Bega Valley Shire Council

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

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

$ '000

LIABILITIES NOT RECOGNISED (continued)**:**

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) HIH Insurance

Durng the period 1995 - 1997, a portion of Councils public risk insurance cover was insured or re-insured with a member of the HIH Insurance Group of companies.

At reporting date, there are two outstanding claims relating to that period of cover.

Council being one of a numer of co-defendants in both cases may have some exposure should the cases go against Council.

(iii) Potential Site Contamination

Council has received notice of potential site contamination on land that was formerly used as a gas works.

Council has contracted to a land purchase that requires vendor rehabilitation to the site to residential standard.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Rural Fire Fighting Assets

Council has title to & is the registrered owner of various rural fire appliances & associated rural fire fighting equipment.

These assets are however under the control of the Rural Fire Services to enable that Department to provide the necessary bushfire protection defences as set out in a Service Level Agreement between the RFS and Council,and accordingly, these assets have not been recognised in these reports.

Council continues to contribute to the costs of maintenance for this equipment.

Note 19. Interests in Other Entities

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

Bega Valley Shire Council

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		544,049	546,000
a. Net Operating Result for the Year		6,717	(1,951)
Balance at End of the Reporting Period		550,766	544,049
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		459,830	451,684
Total		**459,830**	**451,684**
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		451,684	441,541
- Revaluations for the year	9(a)	8,146	10,143
- Balance at End of Year		**459,830**	**451,684**
TOTAL VALUE OF RESERVES		**459,830**	**451,684**

(iii) Nature & Purpose of Reserves

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

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

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

(d) Voluntary Changes in Accounting Policies

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

Bega Valley Shire Council

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

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund $ '000	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	**Water**	**Sewer**	**General**[1]
Income from Continuing Operations			
Rates & Annual Charges	2,861	14,067	27,795
User Charges & Fees	6,539	1,697	6,595
Interest & Investment Revenue	545	590	1,029
Other Revenues	27	-	1,160
Grants & Contributions provided for Operating Purposes	145	127	14,045
Grants & Contributions provided for Capital Purposes	420	740	6,035
Other Income			
Net Gains from Disposal of Assets	-	29	46
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	**10,537**	**17,250**	**56,705**
Expenses from Continuing Operations			
Employee Benefits & on-costs	1,912	1,305	26,561
Borrowing Costs	-	1,419	754
Materials & Contracts	5,893	7,714	3,724
Depreciation & Amortisation	3,711	6,320	12,150
Impairment	-	-	-
Other Expenses	-	-	6,312
Total Expenses from Continuing Operations	**11,516**	**16,758**	**49,501**
Operating Result from Continuing Operations	(979)	492	7,204
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(979)	492	7,204
Net Operating Result attributable to each Council Fund	(979)	492	7,204
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(1,399)	(248)	1,169

[1] General Fund refers to all Council's activities other than Water & Sewer.
NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Bega Valley Shire Council

Notes to the Financial Statements
as at 30 June 2015

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

Statement of Financial Position by Fund $ '000	Actual 2015	Actual 2015	Actual 2015
ASSETS	**Water**	**Sewer**	**General**[1]
Current Assets			
Cash & Cash Equivalents	-	-	5,127
Investments	14,841	16,350	17,809
Receivables	543	438	4,839
Inventories	-	-	761
Other	-	-	-
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	15,384	16,788	28,536
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	29
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	190,958	182,675	630,164
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	190,958	182,675	630,193
TOTAL ASSETS	**206,342**	**199,463**	**658,729**
LIABILITIES			
Current Liabilities			
Payables	72	332	9,229
Borrowings	-	742	1,999
Provisions	230	230	6,597
Total Current Liabilities	302	1,304	17,825
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	20,593	9,678
Provisions	3	2	4,231
Total Non-Current Liabilities	3	20,595	13,909
TOTAL LIABILITIES	**305**	**21,899**	**31,734**
Net Assets	**206,037**	**177,564**	**626,995**
EQUITY			
Retained Earnings	101,943	81,494	367,329
Revaluation Reserves	104,094	96,070	259,666
Total Equity	**206,037**	**177,564**	**626,995**

[1] General Fund refers to all Council's activities other than Water & Sewer.
NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Bega Valley Shire Council

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

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

$ '000

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 31/10/15.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Bega Valley Shire Council

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration		NPV of Provision 2015	NPV of Provision 2014
Bermagui Tip	2017		1,295	1,295
Eden Tip	2018		1,095	1,095
Merimbula Tip	2016		1,627	1,627
Balance at End of the Reporting Period		10(a)	4,017	4,017

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	4,017	4,678
Amounts capitalised to new or existing assets:		
Expenditure incurred attributable to Provisions	-	(661)
Total - Reinstatement, rehabilitation and restoration provision	**4,017**	**4,017**

Bega Valley Shire Council

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

Note 27. Fair Value Measurement

$ '000

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

- Infrastructure, Property, Plant and Equipment

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

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

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

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

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

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

2015	Fair Value Measurement Hierarchy			Total
	Level 1	Level 2	Level 3	
Recurring Fair Value Measurements	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Infrastructure, Property, Plant & Equipment				
Capital Work in Progress	-	-	6,203	6,203
Plant & equipment	-	-	10,822	10,822
Land operational	-	-	28,665	28,665
Land community & land improvements	-	-	74,631	74,631
Buildings & Other Structures	-	-	53,217	53,217
Roads (incl bridges footpaths & bulk earthworks)	-	-	401,241	401,241
Stormwater Drainage	-	-	26,239	26,239
Water supply network	-	-	190,957	190,957
Sewer Network	-	-	181,991	181,991
Recreational assets	-	-	22,344	22,344
Library books	-	-	418	418
Other Infrastructure	-	-	7,069	7,069
Total Infrastructure, Property, Plant & Equipment	**-**	**-**	**1,003,797**	**1,003,797**

Bega Valley Shire Council

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

Note 27. Fair Value Measurement (continued)

$ '000

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

2014		Fair Value Measurement Hierarchy			
		Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Infrastructure, Property, Plant & Equipment					
Capital Work in Progress	30/06/14	-	-	1,354	1,354
Plant & equipment	30/06/14	-	-	9,643	9,643
Land operational	30/06/13	-	-	28,608	28,608
Land community & land improvements	30/06/11	-	-	74,039	74,039
Buildings & Other Structures	30/06/13	-	-	41,800	41,800
Roads (incl bridges footpaths & bulk earthworks)	30/06/10	-	-	408,703	408,703
Stormwater Drainage	30/06/10	-	-	24,234	24,234
Water supply network	30/06/12	-	-	187,761	187,761
Sewer Network	30/06/12	-	-	181,975	181,975
Recreational assets	30/06/11	-	-	30,213	30,213
Library books	30/06/14	-	-	407	407
Total Infrastructure, Property, Plant & Equipment		**-**	**-**	**988,737**	**988,737**

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

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

Bega Valley Shire Council

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

Note 27. Fair Value Measurement (continued)

$ '000

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

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

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

Financial Assets

Council has an amount of $29k shown in Financial Assets Level 3. This amounts relates to the actual monetary value owing at 30 June 2015.

Financial Liabilities

Non current borrowing liabilities shown in Level 3 are the monetary values due at 30 June 2015. There has been no independent valuation carried out on these loans.
The non current liability for provision relates to $219k for Long Service Leave entitlements which is shown at the discounted rate calculated for council's liability at 30 June 2015.
The other amount relates to provision for tip remediation and is reviewed in conjuction with the relevant manager annually. There has been no independent assessment on this calculation.

Infrastructure, Property, Plant & Equipment

Plant & equipment, and office equipment
Plant & equipment, and office equipment are valued at cost but are disclosed at fair value in the notes in accordance with the Code of Accounting practice. The carrying amounts of these assets is assumed to approximate fair value due to the nature of the items. The unobservable inputs for these items are the estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Operational Land
This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The most recent valuation was 30 June 2013 carried out by APV valuers. The unobsevable input is the reliance on estimates but was based on market values available. There has been no change to the valuation process during the reporting period.

Community Land and Land improvements
Community land and land improvements were last reviewed at 30 June 2011. This exercise was done in house using adjacent land value where available, or alternatively the unit rate average by the size of each parcel of land. These valuations are achieved through unobservable inputs and are reported in Level 3.
Land improvements include assets such as landscaping and streetscaping. There has been no change to the valuation process during the reporting period.

Buildings and Other Structures
The most recent fair value for the Building asset class was 30 June 2013 and was carried out by APV Valuers. The method used was fair value (market-based measurement). It is categorised in Level 3 as although the fair value measurement was carried out by professional valuers, and based on market movement, it is still open to subjective assessment. There has been no change to the valuation process during the reporting period.
Other structures were valued in house using the replacement cost method, reviewing condition and remaining useful life. As these were subjective estimates using unobservable inputs, they are reported in Level 3. There has been no change in the valuation process during the reporting period.

Bega Valley Shire Council

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

Note 27. Fair Value Measurement (continued)

$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Roads infrastructure

This asset class, including roads surface, substructure, earthworks kerb and gutter and footpaths was revalued for 30 June 2015. This roads revaluation was carried out in-house by engineering professionals. As there are unobservable inputs (including condition and remaining useful life and residual values) this class has been reported in Level 3. There has been no change in the valuation process during the reporting period.

Stormwater Drainage

This asset class was also revalued for 30 June 2015 using in-house professionals. As with roads infrastructure there are unobservable inputs (including condition, remaining useful life and residual values) and so has been reported in Level 3. There has been no change in the valuation process during the reporting period.

Water Supply Network and Sewer Network

The infrastructure for both these asset classes were revalued at 30 June 2012 externally by NSW Public Works. An extract from their report states that the valuation of BVSC's water supply and sewerage system assets was undertaken by them as a desktop exercise, using the depreciated MEERA (Modern Engineering Equivalent Replacement Asset) cost approach. The asset data for valuation was derived mainly from Council's Asset PLAN2012 asset management system and engineering drawings of facilities supplied by council. The report contains the summaries of fair values of major classes and subclasses of water supply and sewerage assets for scheme in all the catchment areas serviced by the Council. The water and sewer assets have also had the reference rate index applied each year between full revaluation exercises.
As with previous asset classes there has been unobservable inputs (including condition, remaining useful life and residual values) and so has been reported in Level 3. There has been no change in the valuation process during the reporting period.

Recreational Assets

This class of assets was revalued for 30 June 2011 by in-house professionals and so has also been categorised in Level 3 due to the unobservable inputs of estimated useful life, condition assessment and replacement values. There has been no change in the valuation process during the reporting period.

Library Books

Library books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.
There has been no change in the valuation process during the reporting period.

Bega Valley Shire Council

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

Note 27. Fair Value Measurement (continued)

$ '000

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

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

	Receivables	WIP	Plant and Equipment	Land Operational	Total
Adoption of AASB 13	-	1,354	9,643	28,643	39,640
Closing Balance - 30/6/14	**-**	**1,354**	**9,643**	**28,643**	**39,640**
Purchases (GBV)	-	4,850	4,115	223	9,188
Disposals (WDV)	-	-	(1,391)	(200)	(1,591)
Depreciation & Impairment	-	-	(1,553)	-	(1,553)
Closing Balance - 30/6/15	**-**	**6,204**	**10,814**	**28,666**	**45,684**

	Land Community & Land Improve.	Buildings & Other Structures	Roads Infra- -structure	Stormwater Drainage	Total
Adoption of AASB 13	74,004	52,220	399,560	24,234	550,018
Closing Balance - 30/6/14	**74,004**	**52,220**	**399,560**	**24,234**	**550,018**
Purchases (GBV)	712	2,198	9,125	372	12,407
Depreciation & Impairment	(85)	(1,201)	(8,101)	(343)	(9,730)
FV Gains - Other Comprehensive Income	-	-	659	1,976	2,635
Closing Balance - 30/6/15	**74,631**	**53,217**	**401,243**	**26,239**	**555,330**

Bega Valley Shire Council

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

Note 27. Fair Value Measurement (continued)

$ '000

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

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Water Supply Network	Sewer Network	Recreation Assets	Library books	Total
Adoption of AASB 13	187,761	181,975	21,652	407	391,795
Closing Balance - 30/6/14	**187,761**	**181,975**	**21,652**	**407**	**391,795**
Purchases (GBV)	4,084	3,585	1,331	91	9,091
Depreciation & Impairment	(3,709)	(6,258)	(638)	(79)	(10,684)
FV Gains - Other Comprehensive Income	2,822	2,689	-	-	5,511
Closing Balance - 30/6/15	**190,958**	**181,991**	**22,345**	**419**	**395,713**

	Other Infra--structure	Total
Adoption of AASB 13	7,284	7,284
Closing Balance - 30/6/14	**7,284**	**7,284**
Depreciation & Impairment	(214)	(214)
Closing Balance - 30/6/15	**7,070**	**7,070**

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

Nil

(5). Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Bega Valley Shire Council

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

Note 28. Council Information & Contact Details

Principal Place of Business:
Zingel Place
BEGA NSW 2550

Contact Details

Mailing Address:
PO Box 492
BEGA NSW 2550

Opening Hours:
9.00 a.m. to 4.30 p.m. Monday to Friday

Telephone: 02 6499 2222
Facsimile: 02 6499 2200

Internet: http://www.begavalley.nsw.gov.au
Email: council@begavalley.nsw.gov.au

Officers

GENERAL MANAGER
Andrew Woodley (Acting)

RESPONSIBLE ACCOUNTING OFFICER
Lucas Scarpin

PUBLIC OFFICER
Nina Churchward

AUDITORS
RSM Bird Cameron
Level 12, 60 Castlereagh Street
Sydney NSW 2000

Elected Members

MAYOR
Michael Britten

COUNCILLORS
Cr Tony Allen
Cr Michael Britten
Cr Russell Fitzpatrick
Cr Keith Hughes
Cr Ann Mawhinney
Cr Kristy McBain
Cr Liz Seckold
Cr Sharon Tapscott

Other Information

ABN: 26 987 935 332

RSM

RSM Australia Pty Ltd

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Independent Auditor's Report

On the General Purpose Financial Statements

To Bega Valley Shire Council

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Bega Valley Shire Council, which comprises the Balance Sheet as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended on that date, and accompanying Notes to the Financial Statements and the Statement by Council and Management. The financial statements include the consolidated financial statements of the Council and the entities it controlled at year end or from time to time during the year.

Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Independence

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

Auditor's Opinion

In our opinion:

(a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993, Chapter 13, Part 3, Division 2;

(b) the Council's financial statements:

  (i) have been prepared in accordance with the requirements of this Division;

  (ii) are consistent with the Council's accounting records; and

  (iii) present fairly the Council's financial position and the results of its operations and its cash flows; and

  (iv) are in accordance with applicable Accounting Standards.

(c) we have obtained all information relevant to the conduct of our audit; and

(d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

RSM

W E Beauman
Director

30 October 2015

RSM

30 October 2015

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Councillor Britten
Mayor
Bega Valley Shire Council
Zingel Place
BEGA NSW 2550

Dear Councillor Britten,

SECTION 417(3) REPORT ON THE CONDUCT OF THE 2015 AUDIT

We have completed our audit of the financial statements of Bega Valley Shire Council for the year ended 30 June 2015 in accordance with Section 415 of the Local Government Act, 1993. The financial statements include the general purpose consolidated accounts of Council and its controlled entities and the special purpose financial statements, detailing the income and expenditure of Council's business units and their financial position at balance date. Our audit opinions on the 2015 financial statements of Council are issued without qualification.

1. COUNCIL'S RESPONSIBILITY

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

2. AUDIT SCOPE

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

Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, nor the projections disclosed in Note 17.

Following the completion of our audit we provide the following comments to assist with the understanding of our audit and Council's financial performance and position. This report is not intended to take the place of traditional or other comprehensive reports which may be provided to Council by management. As such, it should be read in conjunction with the financial statements and other financial information presented to the Council by management on an on-going basis.

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3. FINANCIAL MANAGEMENT

Our audit does not involve an analysis of the prudence of business decisions made by Council or management. We are not required to review, assess or comment upon Council's:

- Integrated planning documents;
- Annual budget and quarterly reviews;
- Asset management plans etc.

The Local Government Act and Regulations require Council to prepare detailed budgets for all its operations and as part of this process to authorise all expenditure and variations from budget. The quarterly budget review is an important process for Council to ensure its financial targets are met. In order to maintain or improve Council's financial position, all decisions need to be made with due regard to their financial impact.

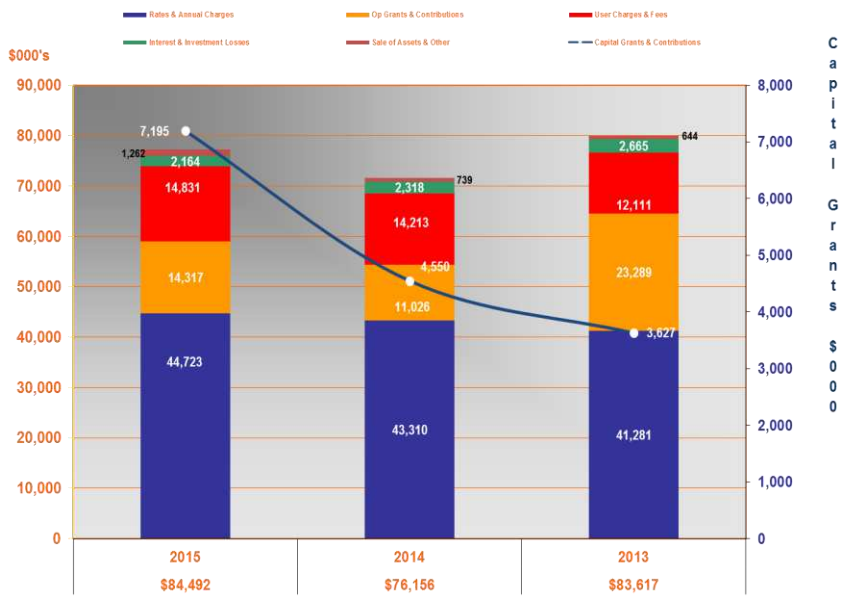
4. FINANCIAL PERFORMANCE

The consolidated profit for the year ended 30 June 2015 from ordinary continuing operations amounted to $6.717M. (2014: loss $(1.951)M). The activities of Council contributed to the consolidated operating result as follows:

	2015 $000	2014 $000
General Fund	7,593	(945)
Water Supply	(1,309)	(824)
Sewer Supply	433	(182)
Operating Result from continuing Operations	**$6,717**	**$(1,951)**

4.1 OPERATING REVENUES

Increased by $5.691M (10.4%) to $77.297M
before capital grants of $7.195M (2014 $4.55M)



i. Rates & Annual Charges increased $1.413M (5%) to $44.723M

This equates to 53% of revenues from continuing operations and compares with 57% in 2014.

a. Ordinary rates amounted to $20.205M and increased by 2.6%. This is consistent with the 2015 Local Government Index ('LGI') of 2.3% as well as Council's estimate of net general rates revenue of $20.047M.

b. For 2016, the LGI rate increase approved by IPART is 2.4% and Council is estimating revenue from general rates net of rebates equal to $21.357M.

c. Annual Charges increased by $894K to $24.518M an increase of 3.8% (2014 – 4%). Sewerage service charges increased 4% which is better than the budgeted increase of 2.6%.

ii. User Charges & Fees increased $600K (4.2%) to $14.831M

Waste tipping fees increased $243K following the full commencement of the Central Waste facility which increased revenues by $595K to $983K.

iii. Investment Revenues $2.164M decreased $(154)K

Council earned interest of $1.820M on its investments this year a decrease of $(141)K from 2014 due to lower average interest rates in 2015. At year end Council holds $53M or 98% (2014 - 98%) of its investments in short term deposits.

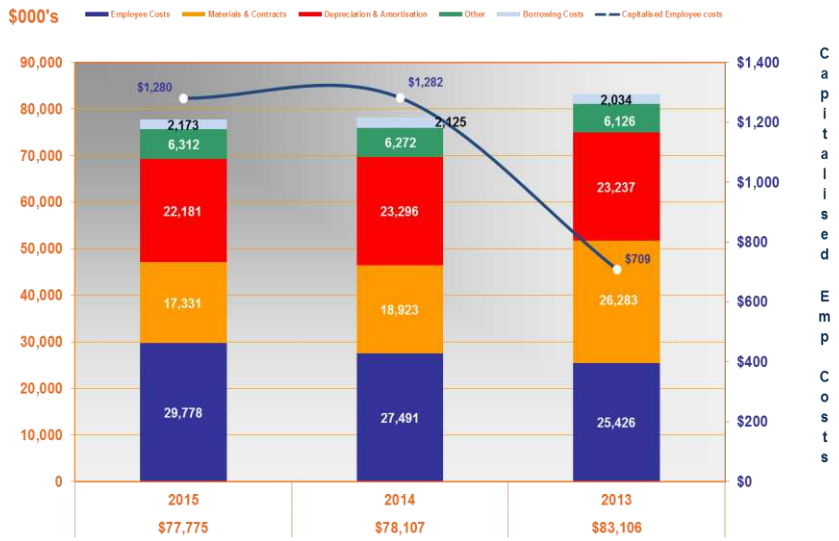
iv. Operating Grants and Contributions increased by $3.291M to $14.317M

This source of council's revenue comprises 17% of total income (2014 – 14%). The increase this year arises as a result of payment of the Financial Assistance Grant ('FAG') to Council reverting to the full annual amount whereas 2014 included only two quarterly instalments as remittances were re-aligned to be on a financial year basis and no longer in advance.

The balance of grants and contributions received and recognised as income and remaining unspent at year end decreased by $433K to $10.588M due to decreases in Water and Sewer developer contributions of $1.76M associated with various new capital works (2014 increase $1.482M).

4.2 EXPENSES FROM CONTINUING OPERATIONS

Decreased by $(332)K to $77.775M



i. Employee Costs before amounts capitalised increased $2.285M (7.9%) to $31.058M

Gross Employee costs are equal to 56% of total expenses before depreciation and amortisation and this compares with 52% in 2014. This increase is consistent with Award increases of 2.7% and the performance based adjustment of 2.5%.

ii. Depreciation & Amortisation expense decreased by $(1.115)M to $22.181M

Depreciation expense is a significant cost to Council representing 28% (2014 – 30%) of total ordinary expenses although this does not involve an outflow of cash. A decrease in connection with Water and Sewer network assets resulted from the implementation of Councils new fixed asset register module and data being captured a lower component / segment level to record and calculate depreciation.

iii. Interest expense included in Borrowing Costs increased $44K (2%) to $2.162M

Councils outstanding borrowings decreased by $(2.754)M in 2015 as a result of planned new loans of $3.17M included in the budget not being borrowed in 2015 in respect of Urban Roads renewals of $1.67m and the Bega Depot $1.5M. Interest expense is offset by the interest subsidy received as part of the LIRS program which amounted to $267K this year.

iv. Materials & Contract costs decreased $(1,592)M to $17,331M

Amounts were higher in previous years due to flood remediation works funded by State grants.

4.3 CAPITAL INCOME

Council receives Capital Grants & Contributions from various sources each financial year to renew existing assets and construct new assets. Capital contributions include developer contributions as well as (non cash) asset dedications. This year capital income increased by $2.645M to $7.195M and includes $2.56M being the value of the road dedication for the old Princess Highway from the RMS offset by reductions in Water & Sewer headwork contributions from developers of $(884)K. Developer Contributions received comprise:

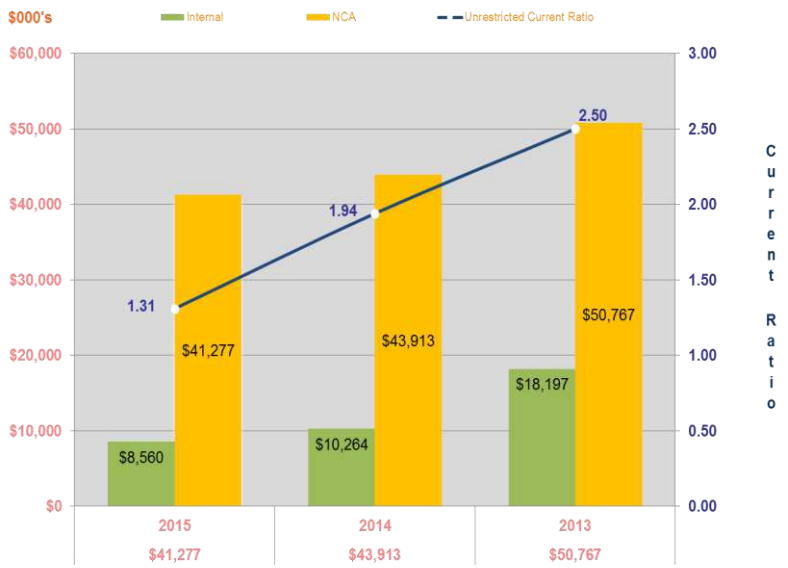
	2015 $000	2014 $000
Section 94 contributions	419	308
Section 64 water supply contributions	420	700
Section 64 sewer supply contributions	612	1,216
Total	1,451	$2,224

The use of these contributions is restricted for specific purposes and they are not available to meet Council's general operations. At year end Council has restricted assets of $1.395M relating to S.94 contributions and $6.805M for unspent S.64 contributions, a net decrease of $1.768M from 2014.

5. PERFORMANCE INDICATORS

5.1 Net Current Assets:

This indicator discloses the working capital available to Council to fund day to day operations. This should be considered together with the level of internal restrictions.



At 30 June 2015 Council's net current assets amounted to $41.277M and its unrestricted current ratio is equal to 1.31, this compares with a ratio of 1.94 in 2014. This ratio is below the benchmark target of 2x and has been affected by the use of Councils own cash reserves to fund works originally intended to be funded by new borrowings.

5.2 CASH AND INVESTMENTS

(a) Council's cash and investment balances increased by $780K to $54.127M. Cash from operating activities amounted to $32.476M and was used to fund $30.686M in acquisitions of infrastructure, property, plant and equipment and the repayment of borrowings of $2.754M. The composition of cash and investments held by Council at year end is as follows:

	2015 $000	2014 $000
Cash	1,127	2,347
Cash equivalent Short term deposits (< 3 month maturity dates)	4,000	25,000
Held to Maturity Term deposits (> 3 month maturity dates)	49,000	26,000
Total	$54,127	$53,347

(b) Cash and investments are held for the following purposes:

	2015 $000	2014 $000
Externally Restricted	42,093	41,524
Internally Restricted	8,560	10,264
Unrestricted	3,474	1,559
Total	$54,127	$53,347

(c) External restrictions include the internal reserves of the Water and Sewer funds which amount to $10.618M and $13.769M respectively. Including developer contributions, the Water and Sewer supply operations of Council account for $31.192M or 75% (2014 – 77%) of all external restrictions.

(d) Internally restricted cash decreased $(1.7)M to $8.56M. Internal restrictions result from resolution or policy of Council and reflect identified programs of works and forward plans and represent the 'reserves' of Council. Significant internal restrictions over cash assets are held in respect of:

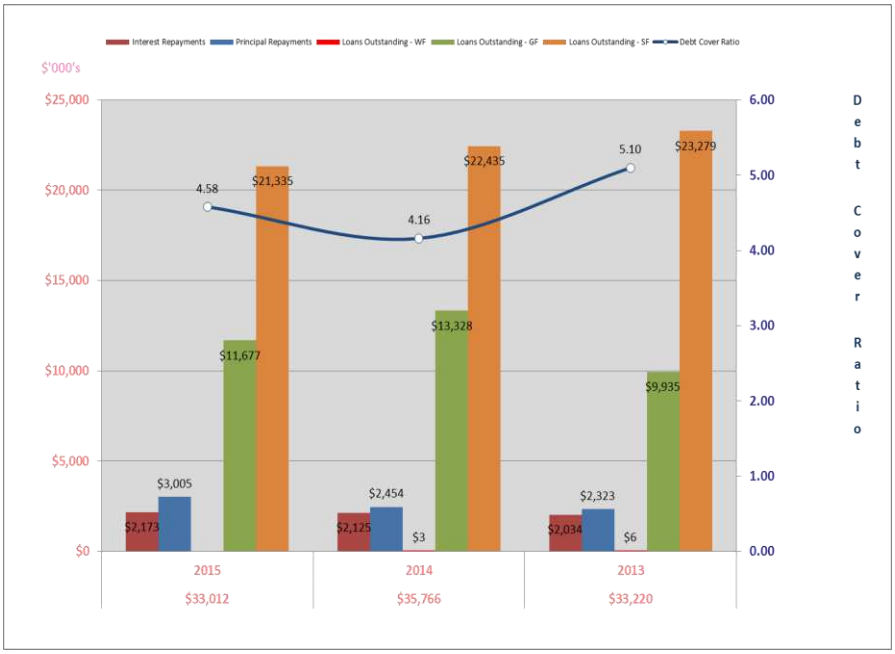
i. **Property development – $692K:** there was a net decrease in this reserve of $(2,379)M this year. These funds are set aside by Council for strategic community projects. In 2015 this was used to fund the Bega Civic Centre development.

ii. **Employees leave entitlements – $1.651M:** Council's liability for employee leave entitlements and associated on-costs amounts to $7.276M. This cash reserve provides liquidity equal to 23% (2014 - 29%) of the total liability and is a significant decrease compared with prior years. This reserve was used to meet redundancy payments during the year as well as accumulated leave entitlements.

iii. **Carryover works – $1.291M:** – This restriction is for budgeted works to be funded from revenue which was not able to be completed in the current year and revoted to 2016. This restriction includes Visitor Information Centre $518K and unspent leisure capital programs of $598K.

5.3 Debt Service Cover: 4.58x
(2014 – 4.16x)

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



This indicator is well in excess of the benchmark level of 2.

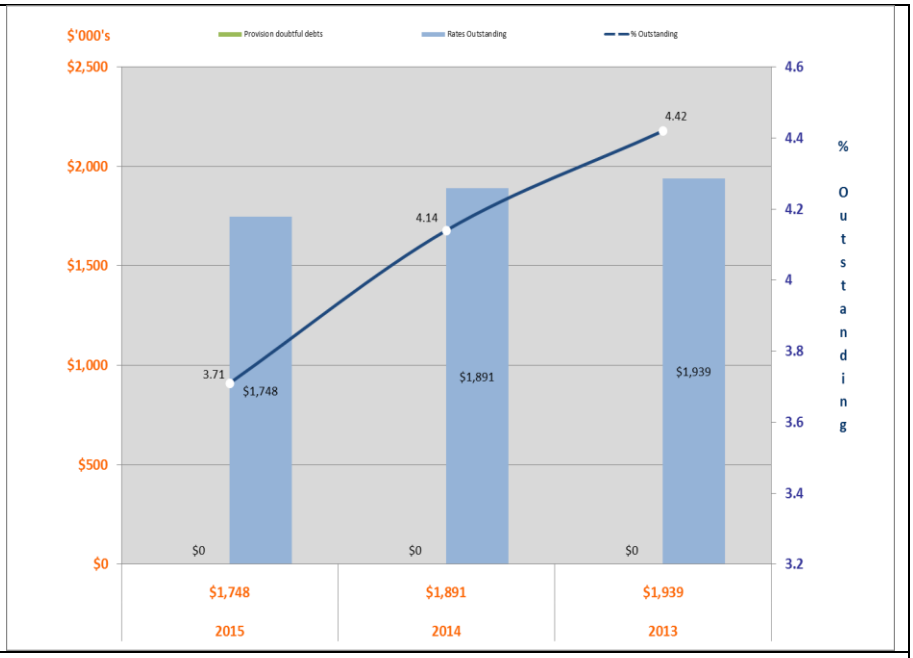
At year end Council has outstanding borrowings of $33.012M after a net payment of borrowings of $2.754M in 2015. There are loans raised and unexpended at year-end of $489K, a decrease of $1.562M. Outstanding loans are associated with Sewer operations – $21.335M and the balance of $11.677M relates to general operations.

We understand planned borrowings for 2015 of $3.17M will be drawn in 2016 in addition to new borrowings of $6.5M included in Council's 2016 budget.

5.4 Rates & Annual Charges Outstanding: - 3.71%

(2014 – 4.14%)

This ratio is an indicator of the adequacy of Council's revenue collection and debt management policies.



This indicator has continued its improvement over recent years and 5% is a good result for Council.

6. REVALUATION OF ASSETS

In July 2006 NSW councils were required to commence valuing infrastructure assets at fair value using a staged approach. The revaluation of assets should be undertaken every five years unless there is a material change to carrying values beforehand.

This year in accordance with these requirements, Roads, Bridges, Footpaths and Drainage and Earthworks infrastructure assets were revalued. This resulted in revaluation adjustment of $2.635M. Details of these revaluation adjustments are disclosed in Notes 9 and 20 to the Financial Statements.

Valuations of the following asset classes in the next four years that will need to be planned for are as follows:

Asset Class	Due
Community land, other assets and land improvements	30 June 2016
Water & Sewer network assets	30 June 2017
PPE, operational land, buildings	30 June 2018
Land under Roads	30 June 2019

7. CONCLUSION

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial statements that have come to our attention during the conduct of the audit and that Bega Valley Shire Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements.

We would like to thank Council's general manager and staff for their cooperation and courteous assistance provided to us in the performance of our audit visit to Council's office. A memorandum dealing with less significant matters arising from our audit will be forwarded to the General Manager in due course.

Yours faithfully,

RSM

W E Beauman
Director

Bega Valley Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

"Your place, Our place, Great place"

bega valley shire council

Bega Valley Shire Council

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

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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over $2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Bega Valley Shire Council

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

Statement by Councillors and Management
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 23 September 2015.

Michael Britten
MAYOR

COUNCILLOR

Andrew Woodley (Acting)
GENERAL MANAGER

Lucas Scarpin
RESPONSIBLE ACCOUNTING OFFICER

Bega Valley Shire Council

Income Statement of Council's Water Supply Business Activity
for the financial year ended 30 June 2015

$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	2,861	2,762
User charges	6,337	6,477
Fees	202	187
Interest	545	618
Grants and contributions provided for non capital purposes	145	151
Profit from the sale of assets	-	-
Other income	27	17
Total income from continuing operations	**10,117**	**10,212**
Expenses from continuing operations		
Employee benefits and on-costs	1,912	911
Borrowing costs	-	-
Materials and contracts	5,893	6,373
Depreciation and impairment	3,711	4,204
Water purchase charges	-	-
Loss on sale of assets	-	9
Calculated taxation equivalents	-	3
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
Total expenses from continuing operations	**11,516**	**11,500**
Surplus (deficit) from Continuing Operations before capital amounts	**(1,399)**	**(1,288)**
Grants and contributions provided for capital purposes	420	700
Surplus (deficit) from Continuing Operations after capital amounts	**(979)**	**(588)**
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	**(979)**	**(588)**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	**(979)**	**(588)**
plus Opening Retained Profits	102,922	103,510
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	3
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	(3)
- Surplus dividend paid	-	-
Closing Retained Profits	**101,943**	**102,922**
Return on Capital %	**-0.7%**	**-0.7%**
Subsidy from Council	**7,260**	**7,973**
Calculation of dividend payable:		
Surplus (deficit) after tax	(979)	(588)
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	**-**	**-**
Potential Dividend calculated from surplus	**-**	**-**

Bega Valley Shire Council

Income Statement of Council's Sewerage Business Activity
for the financial year ended 30 June 2015

$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	14,067	13,513
User charges	1,584	1,410
Liquid Trade Waste charges	-	-
Fees	113	99
Interest	590	683
Grants and contributions provided for non capital purposes	127	126
Profit from the sale of assets	29	-
Other income	-	5
Total income from continuing operations	**16,510**	**15,836**
Expenses from continuing operations		
Employee benefits and on-costs	1,305	909
Borrowing costs	1,419	1,483
Materials and contracts	7,714	8,029
Depreciation and impairment	6,320	6,834
Loss on sale of assets	-	9
Calculated taxation equivalents	-	2
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
Total expenses from continuing operations	**16,758**	**17,266**
Surplus (deficit) from Continuing Operations before capital amounts	**(248)**	**(1,430)**
Grants and contributions provided for capital purposes	740	1,314
Surplus (deficit) from Continuing Operations after capital amounts	**492**	**(116)**
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	**492**	**(116)**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	**492**	**(116)**
plus Opening Retained Profits	81,002	81,118
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	2
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	(2)
- Surplus dividend paid	-	-
Closing Retained Profits	**81,494**	**81,002**
Return on Capital %	**0.6%**	**0.0%**
Subsidy from Council	**4,435**	**6,435**
Calculation of dividend payable:		
Surplus (deficit) after tax	492	(116)
less: Capital grants and contributions (excluding developer contributions)	(128)	(98)
Surplus for dividend calculation purposes	**364**	**-**
Potential Dividend calculated from surplus	**182**	**-**

Bega Valley Shire Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2015

$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	-	3,796
Investments	14,841	13,000
Receivables	543	770
Inventories	-	146
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**15,384**	**17,712**
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	190,958	187,776
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	**190,958**	**187,776**
TOTAL ASSETS	**206,342**	**205,488**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	72	893
Interest bearing liabilities	-	3
Provisions	230	397
Total Current Liabilities	**302**	**1,293**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	3	-
Total Non-Current Liabilities	**3**	**-**
TOTAL LIABILITIES	**305**	**1,293**
NET ASSETS	206,037	204,195
EQUITY		
Retained earnings	101,943	102,922
Revaluation reserves	104,094	101,273
Council equity interest	206,037	204,195
Non-controlling equity interest	-	-
TOTAL EQUITY	206,037	204,195

Bega Valley Shire Council

Statement of Financial Position - Council's Sewerage Business Activity
as at 30 June 2015

$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	-	5,200
Investments	16,350	10,000
Receivables	438	534
Inventories	-	10
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**16,788**	**15,744**
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	182,675	182,259
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	**182,675**	**182,259**
TOTAL ASSETS	**199,463**	**198,003**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	332	788
Interest bearing liabilities	742	898
Provisions	230	397
Total Current Liabilities	**1,304**	**2,083**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	20,593	21,537
Provisions	2	1
Total Non-Current Liabilities	**20,595**	**21,538**
TOTAL LIABILITIES	**21,899**	**23,621**
NET ASSETS	177,564	174,382
EQUITY		
Retained earnings	81,494	81,002
Revaluation reserves	96,070	93,380
Council equity interest	177,564	174,382
Non-controlling equity interest	-	-
TOTAL EQUITY	177,564	174,382

Bega Valley Shire Council

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

Contents of the Notes accompanying the Financial Statements

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1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

Bega Valley Shire Council

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

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the *"Application of National Competition Policy to Local Government".*

The *"Pricing & Costing for Council Businesses A Guide to Competitive Neutrality"* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality,* Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over $2 million)

a. Water Supply

Comprising the operations and net assets of Council's water supply activities that services the Bega Valley Shire.

b. Sewerage Services

Comprising the operations and net assets of Council's sewerage reticulation and treatment activities that services the Bega Valley Shire.

Category 2

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

Nil

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

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

Bega Valley Shire Council

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

Note 1. Significant Accounting Policies

(i) Taxation Equivalent Charges

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – **30%**

Land Tax – The first **$432,000** of combined land values attracts **0%**. From $432,001 to $2,641,000 the rate is **1.6% + $100.** For the remaining combined land value that exceeds $2,641,000, a premium marginal rate of **2.0%** applies.

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

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

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed $3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

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

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

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

Bega Valley Shire Council

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

Note 1. Significant Accounting Policies

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

$$\frac{\textbf{Operating Result before Capital Income + Interest Expense}}{\textbf{Written Down Value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.07% at 30/6/15.

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

(iv) Dividends

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

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

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

(i) 50% of this surplus in any one year, or

(ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by $30 (less the payment for tax equivalent charges, not exceeding $3 per assessment).

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

Bega Valley Shire Council

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

Note 2. Water Supply Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2015

1. Calculation and Payment of Tax-Equivalents
[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by $3/assessment	43,536
(iii)	Amounts payable for Tax Equivalents **[lesser of (i) and (ii)]**	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends **[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]**	-
(ii)	No. of assessments multiplied by $30/assessment, less tax equivalent charges/assessment	435,360
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(3,330,000)

2015 Surplus	(979,000)	**2014 Surplus**	(588,000)	**2013 Surplus**	(1,763,000)
		2014 Dividend	-	**2013 Dividend**	-

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

3. Required outcomes for 6 Criteria
[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies **[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]**	YES
	- Complying charges **[Item 2(b) in Table 1]**	YES
	- DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	YES
	- If Dual Water Supplies, Complying Charges **[Item 2(g) in Table 1]**	
(iii)	Sound Water Conservation and Demand Management implemented	NO
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form **(by 15 September each year)**	YES
(vi)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Bega Valley Shire Council

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

Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2015
National Water Initiative (NWI) Financial Performance Indicators			
NWI F1	Total Revenue (Water) **Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)**	$'000	9,990
NWI F4	Revenue from Residential Usage Charges (Water) **Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]**	%	61.23%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) **Written down current cost of system assets (w47)**	$'000	190,957
NWI F11	Operating Cost (OMA) (Water) **Management Expenses (w1) + Operational & Maintenance Expenses (w2)**	$'000	7,803
NWI F14	Capital Expenditure (Water) **Acquisition of fixed assets (w16)**	$'000	4,082
NWI F17	Economic Real Rate of Return (Water) **[Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]**	%	-0.80%
NWI F26	Capital Works Grants (Water) **Grants for the Acquisition of Assets (w11a)**	$'000	-

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

Bega Valley Shire Council

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

Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2015

1. Calculation and Payment of Tax-Equivalents
[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by $3/assessment	38,625
(iii)	Amounts payable for Tax Equivalents **[lesser of (i) and (ii)]**	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends **[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]**	182,000
(ii)	No. of assessments x ($30 less tax equivalent charges per assessment)	386,250
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(1,021,000)

2015 Surplus	364,000	**2014 Surplus**	(214,000)	**2013 Surplus**	(1,171,000)
		2014 Dividend	-	**2013 Dividend**	-

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

3. Required outcomes for 4 Criteria
[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies **[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]**	YES
	Complying charges **(a)** Residential **[Item 2(c) in Table 1]**	YES
	(b) Non Residential **[Item 2(c) in Table 1]**	YES
	(c) Trade Waste **[Item 2(d) in Table 1]**	YES
	DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	YES
	Liquid Trade Waste Approvals & Policy **[Item 2(f) in Table 1]**	YES
(iii)	Complete Performance Reporting Form **(by 15 September each year)**	YES
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Bega Valley Shire Council

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

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2015
National Water Initiative (NWI) Financial Performance Indicators			
NWI F2	Total Revenue (Sewerage) **Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)**	$'000	16,631
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) **Written down current cost of system assets (s48)**	$'000	182,250
NWI F12	Operating Cost (Sewerage) **Management Expenses (s1) + Operational & Maintenance Expenses (s2)**	$'000	9,017
NWI F15	Capital Expenditure (Sewerage) **Acquisition of Fixed Assets (s17)**	$'000	4,073
NWI F18	Economic Real Rate of Return (Sewerage) **[Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]**	%	0.71%
NWI F27	Capital Works Grants (Sewerage) **Grants for the Acquisition of Assets (12a)**	$'000	-

National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)			
NWI F3	Total Income (Water & Sewerage) **Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15)** minus **Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)**	$'000	26,650
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) **Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)**	%	1.02%
NWI F16	Capital Expenditure (Water & Sewerage) **Acquisition of Fixed Assets (w16 + s17)**	$'000	8,155
NWI F19	Economic Real Rate of Return (Water & Sewerage) **[Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]**	%	-0.06%
NWI F20	Dividend (Water & Sewerage) **Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)**	$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) **Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)**	%	0.00%

Bega Valley Shire Council

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

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2015

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

NWI F22	Net Debt to Equity (Water & Sewerage) **Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31)** **x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]**	%	-2.57%
NWI F23	Interest Cover (Water & Sewerage) **Earnings before Interest & Tax (EBIT) divided by Net Interest**		-
	Earnings before Interest & Tax (EBIT): - 231 **Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10)** **- Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)**		
	Net Interest: 285 **Interest Expense (w4a + s4a) - Interest Income (w9 + s10)**		
NWI F24	Net Profit After Tax (Water & Sewerage) **Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))**	$'000	(487)
NWI F25	Community Service Obligations (Water & Sewerage) **Grants for Pensioner Rebates (w11b + s12b)**	$'000	272

Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

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Independent Auditor's Report
On the Special Purpose Financial Statements
To Bega Valley Shire Council

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of Bega Valley Shire Council, which comprises the Balance Sheets as at 30 June 2015, Income Statements of Business Activities for the year ended on that date, a summary of significant accounting policies and the Statement by Councillors' and Management.

Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies uses, as described in Note 1, are appropriate to meet the needs of Council or the NSW Office of Local Government. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements is free of material misstatement. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly, we express no opinion on them.

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

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

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Independence

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

Auditor's Opinion

1. In our opinion the Special Purpose Financial Statements of the Bega Valley Shire Council:

   a. Have been prepared in accordance with those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting;

   b. Are consistent with council's accounting records;

   c. present fairly, the financial position of Council's nominated business activities as at 30 June 2015 and the results of their operations for the year then ended;

2. All information relevant to the conduct of the audit has been obtained;

3. There are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of our audit.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the NSW Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

RSM

W E Beauman
Partner

30 October 2015

Bega Valley Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

"Your place, Our place, Great place"

bega valley
shire council

Bega Valley Shire Council

Special Schedules
for the financial year ended 30 June 2015

Contents

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Special Schedules[1]

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	5
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[1] Special Schedules are not audited (with the exception of Special Schedule 9).

Background

(i) These Special Schedules have been designed to meet the requirements of special purpose users such as;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the NSW Office of Water (NOW), and
- the Office of Local Government (OLG).

(ii) The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Bega Valley Shire Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2015

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	1,544	-	-	(1,544)
Administration	9,686	974	-	(8,712)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,088	511	180	(397)
Beach Control	192	12	-	(180)
Enforcement of Local Govt. Regulations	653	214	-	(439)
Animal Control	-	-	-	-
Other	-	-	-	-
Total Public Order & Safety	1,933	737	180	(1,016)
Health	356	133	-	(223)
Environment				
Noxious Plants and Insect/Vermin Control	550	201	-	(349)
Other Environmental Protection	1,192	311	-	(881)
Solid Waste Management	6,955	9,531	131	2,707
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	673	286	-	(387)
Total Environment	9,370	10,329	131	1,090
Community Services and Education				
Administration & Education	774	97	-	(677)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	580	634	-	54
Children's Services	3,154	2,751	-	(403)
Total Community Services & Education	4,508	3,482	-	(1,026)
Housing and Community Amenities				
Public Cemeteries	320	305	-	(15)
Public Conveniences	652	-	10	(642)
Street Lighting	-	-	-	-
Town Planning	2,729	415	-	(2,314)
Other Community Amenities	530	-	-	(530)
Total Housing and Community Amenities	4,231	720	10	(3,501)
Water Supplies	11,511	9,782	420	(1,309)
Sewerage Services	16,690	16,383	740	433

Bega Valley Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2015

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,458	184	-	(1,274)
Museums	-	-	-	-
Art Galleries	241	52	-	(189)
Community Centres and Halls	252	92	-	(160)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	300	215	8	(77)
Swimming Pools	1,667	774	-	(893)
Parks & Gardens (Lakes)	1,336	198	360	(778)
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	**5,254**	**1,515**	**368**	**(3,371)**
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	992	1,332	-	340
Other Mining, Manufacturing & Construction	(271)	-	-	271
Total Mining, Manufacturing and Const.	**721**	**1,332**	-	**611**
Transport and Communication				
Urban Roads (UR) - Local	5,153	53	2,860	(2,240)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	3,106	-	-	(3,106)
Sealed Rural Roads (SRR) - Regional	1,476	-	531	(945)
Unsealed Rural Roads (URR) - Local	1,465	-	1,041	(424)
Unsealed Rural Roads (URR) - Regional	1,516	2,155	-	639
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	725	-	175	(550)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	1,928	-	-	(1,928)
Parking Areas	89	-	-	(89)
Footpaths	71	-	-	(71)
Aerodromes	459	292	-	(167)
Other Transport & Communication	(5,456)	494	739	6,689
Total Transport and Communication	**10,532**	**2,994**	**5,346**	**(2,192)**
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,439	839	-	(600)
Total Economic Affairs	**1,439**	**839**	-	**(600)**
Totals – Functions	**77,775**	**49,220**	**7,195**	**(21,360)**
General Purpose Revenues (2)		**28,077**		**28,077**
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT (1)	**77,775**	**77,297**	**7,195**	**6,717**

(1) As reported in the Income Statement

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

Bega Valley Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	**-**	-	-	-	-	-	-	-	**-**
Treasury Corporation	-	-	**-**	-	-	-	-	-	-	-	**-**
Other State Government	-	-	**-**	-	-	-	-	-	-	-	**-**
Public Subscription	-	-	**-**	-	-	-	-	-	-	-	**-**
Financial Institutions	2,991	32,688	**35,679**	-	2,990	-	-	2,162	2,680	30,009	**32,689**
Other	3	-	**3**	-	3	-	-	-	-	-	**-**
Total Loans	**2,994**	**32,688**	**35,682**	**-**	**2,993**	**-**	**-**	**2,162**	**2,680**	**30,009**	**32,689**
Other Long Term Debt											
Ratepayers Advances	-	-	**-**	-	-	-	-	-	-	-	**-**
Government Advances	12	72	**84**	-	12	-	-	6	12	60	**72**
Finance Leases	-	-	**-**	267	16	-	-	5	-	251	**251**
Deferred Payments	-	-	**-**	-	-	-	-	-	-	-	**-**
Total Long Term Debt	**12**	**72**	**84**	**267**	**28**	**-**	**-**	**11**	**12**	**311**	**323**
Total Debt	**3,006**	**32,760**	**35,766**	**267**	**3,021**	**-**	**-**	**2,173**	**2,692**	**30,320**	**33,012**

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Bega Valley Shire Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,884	1,670
b. Engineering and Supervision	2,395	2,144
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	307	197
b. Maintenance expenses	92	317
- Mains		
c. Operation expenses	635	624
d. Maintenance expenses	1,015	991
- Reservoirs		
e. Operation expenses	83	99
f. Maintenance expenses	140	129
- Pumping Stations		
g. Operation expenses (excluding energy costs)	36	7
h. Energy costs	507	501
i. Maintenance expenses	147	97
- Treatment		
j. Operation expenses (excluding chemical costs)	487	295
k. Chemical costs	-	-
l. Maintenance expenses	75	215
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	3,709	4,199
b. Plant and equipment	2	5
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	3
5. Total expenses	**11,514**	**11,493**

Bega Valley Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	2,861	2,762
b. Usage charges	4,519	4,620
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	1,817	1,857
8. Extra charges	-	-
9. Interest income	545	618
10. Other income	228	213
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	145	144
c. Other grants	-	-
12. Contributions		
a. Developer charges	420	700
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	**10,535**	**10,914**
14. Gain (or loss) on disposal of assets	-	(9)
15. Operating Result	**(979)**	**(588)**
15a. Operating Result (less grants for acquisition of assets)	(979)	(588)

Bega Valley Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	2,060	768
c. Renewals	2,022	1,840
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	3	3
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	**4,085**	**2,611**
Non-operating funds employed		
20. Proceeds from disposal of assets	11	35
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	**11**	**35**
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	12,763	12,438
b. Residential (unoccupied, ie. vacant lot)	782	1,023
c. Non-residential (occupied)	939	954
d. Non-residential (unoccupied, ie. vacant lot)	28	31
25. Number of ETs for which developer charges were received	53 ET	93 ET
26. Total amount of pensioner rebates (actual dollars)	$ 148,399	$ 144,318

Bega Valley Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2015

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	YES		
If Yes, go to 28a. If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **from** residential customers using less than allowance (page 25 of Guidelines)			
c. Cross-subsidy **to** non-residential customers (page 24 of Guidelines)			
d. Cross-subsidy **to** large connections in unmetered supplies (page 26 of Guidelines)			
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	YES		
b. Total cross-subsidy in water supply developer charges for 2014/15 (page 47 of Guidelines)			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			-

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

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

Bega Valley Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

	$'000	Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
30.	**Cash and investments**			
	a. Developer charges	4,224	-	**4,224**
	b. Special purpose grants	-	-	**-**
	c. Accrued leave	-	-	**-**
	d. Unexpended loans	-	-	**-**
	e. Sinking fund	-	-	**-**
	f. Other	10,618	-	**10,618**
31.	**Receivables**			
	a. Specific purpose grants	-	-	**-**
	b. Rates and Availability Charges	70	-	**70**
	c. User Charges	461	-	**461**
	d. Other	11	-	**11**
32.	**Inventories**	-	-	**-**
33.	**Property, plant and equipment**			
	a. System assets	-	190,957	**190,957**
	b. Plant and equipment	-	1	**1**
34.	**Other assets**	-	-	**-**
35.	**Total assets**	**15,384**	**190,958**	**206,342**
	LIABILITIES			
36.	**Bank overdraft**	-	-	**-**
37.	**Creditors**	72	-	**72**
38.	**Borrowings**			
	a. Loans	-	-	**-**
	b. Advances	-	-	**-**
	c. Finance leases	-	-	**-**
39.	**Provisions**			
	a. Tax equivalents	-	-	**-**
	b. Dividend	-	-	**-**
	c. Other	229	4	**233**
40.	**Total liabilities**	**301**	**4**	**305**
41.	**NET ASSETS COMMITTED**	**15,083**	**190,954**	**206,037**
	EQUITY			
42.	Accumulated surplus			101,944
43	Asset revaluation reserve			104,093
44.	**TOTAL EQUITY**			**206,037**

Note to system assets:

45.	**Current replacement cost** of system assets	308,036
46.	Accumulated **current cost** depreciation of system assets	(117,079)
47.	Written down **current cost** of system assets	**190,957**

Bega Valley Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,388	1,473
b. Engineering and Supervision	2,085	2,526
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	509	484
b. Maintenance expenses	400	312
- Pumping Stations		
c. Operation expenses (excluding energy costs)	401	532
d. Energy costs	248	-
e. Maintenance expenses	598	441
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	3,274	3,103
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	46	15
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
- Other		
l. Operation expenses	68	51
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	6,258	6,764
b. Plant and equipment	63	69
4. Miscellaneous expenses		
a. Interest expenses	1,420	1,483
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	2
5. Total expenses	**16,758**	**17,255**

Bega Valley Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000		Actuals 2015	Actuals 2014
	Income		
6.	**Residential charges** (including rates)	14,067	13,513
7.	**Non-residential charges**		
	a. Access (including rates)	-	-
	b. Usage charges	1,584	1,410
8.	**Trade Waste Charges**		
	a. Annual Fees	-	-
	b. Usage charges	-	-
	c. Excess mass charges	-	-
	d. Re-inspection fees	-	-
9.	**Extra charges**	-	-
10.	**Interest income**	590	683
11.	**Other income**	113	104
11a.	**Aboriginal Communities Water & Sewerage Program**	-	-
12.	**Grants**		
	a. Grants for acquisition of assets	-	-
	b. Grants for pensioner rebates	127	126
	c. Other grants	-	-
13.	**Contributions**		
	a. Developer charges	612	1,216
	b. Developer provided assets	-	-
	c. Other contributions	128	98
14.	**Total income**	**17,221**	**17,150**
15.	**Gain (or loss) on disposal of assets**	29	(9)
16.	**Operating Result**	**492**	**(114)**
16a.	**Operating Result (less grants for acquisition of assets)**	492	(114)

Bega Valley Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	2,110	4,222
c. Renewals	1,734	1,336
d. Plant and equipment	229	-
18. Repayment of debt		
a. Loans	1,100	844
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	3
20. Totals	**5,173**	**6,405**
Non-operating funds employed		
21. Proceeds from disposal of assets	54	35
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	**54**	**35**
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	11,333	10,986
b. Residential (unoccupied, ie. vacant lot)	782	1,027
c. Non-residential (occupied)	738	744
d. Non-residential (unoccupied, ie. vacant lot)	22	26
26. Number of ETs for which developer charges were received	55 ET	116 ET
27. Total amount of pensioner rebates (actual dollars)	$ 105,367	$ 126,341

Bega Valley Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies
for the financial year ended 30 June 2015

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	YES		
If Yes, go to 29a.			
If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **to** non-residential customers (page 45 of Guidelines)			
c. Cross-subsidy **to** trade waste discharges (page 46 of Guidelines)			
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	YES		
b. Total cross-subsidy in sewerage developer charges for 2014/15 (page 47 of Guidelines)			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			-

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

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

Bega Valley Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

	$'000	Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
31.	**Cash and investments**			
	a. Developer charges	2,581	-	**2,581**
	b. Special purpose grants	-	-	**-**
	c. Accrued leave	-	-	**-**
	d. Unexpended loans	-	-	**-**
	e. Sinking fund	-	-	**-**
	f. Other	13,769	-	**13,769**
32.	**Receivables**			
	a. Specific purpose grants	-	-	**-**
	b. Rates and Availability Charges	295	-	**295**
	c. User Charges	86	-	**86**
	d. Other	57	-	**57**
33.	**Inventories**	-	-	**-**
34.	**Property, plant and equipment**			
	a. System assets	-	182,250	**182,250**
	b. Plant and equipment	-	425	**425**
35.	**Other assets**	-	-	**-**
36.	**Total Assets**	**16,788**	**182,675**	**199,463**
	LIABILITIES			
37.	**Bank overdraft**	-	-	**-**
38.	**Creditors**	332	-	**332**
39.	**Borrowings**			
	a. Loans	742	20,593	**21,335**
	b. Advances	-	-	**-**
	c. Finance leases	-	-	**-**
40.	**Provisions**			
	a. Tax equivalents	-	-	**-**
	b. Dividend	-	-	**-**
	c. Other	230	2	**232**
41.	**Total Liabilities**	**1,304**	**20,595**	**21,899**
42.	**NET ASSETS COMMITTED**	**15,484**	**162,080**	**177,564**
	EQUITY			
42.	Accumulated surplus			81,494
44.	Asset revaluation reserve			96,070
45.	**TOTAL EQUITY**			**177,564**

Note to system assets:

46.	**Current replacement cost** of system assets	297,174
47.	Accumulated **current cost** depreciation of system assets	(114,924)
48.	Written down **current cost** of system assets	**182,250**

Bega Valley Shire Council

Notes to Special Schedule No.'s 3 & 5
for the financial year ended 30 June 2015

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

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

Engineering and supervision [1]
(item 1b of Special Schedules 3 and 5) comprises the following:

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Bega Valley Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets
as at 30 June 2015

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV refer (4) & (5) 1	2	3	4	5
Buildings	Council Offices / Administration Centres	3,719	240	235	7,357			50%	50%	0%
	Council Works Depot	449	115	41	3,973			25%	75%	0%
	Council Public Halls	2,435	145	101	12,871			20%	80%	0%
	Libraries	1,025	300	39	1,256			25%	75%	0%
	Other Buildings	3,488	750	351	25,310			30%	70%	0%
	sub total	**11,116**	**1,550**	**767**	**50,767**	**0.0%**	**0.0%**	**29.8%**	**70.2%**	**0.0%**
Other Structures	Other Structures	-	-	-	2,450	100%				0%
	sub total	**-**	**-**	**-**	**2,450**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Roads	Sealed Roads Surface	-	1,606	1,412	16,784	22%	46%	26%	6%	0%
	Sealed Roads Structure	74	583	522	103,501	15%	63%	20%	2%	0%
	Unsealed Roads	-	1,764	1,877	7,894		64%		36%	0%
	Bridges	-	650	669	87,406	30%	59%	8%	3%	0%
	Footpaths	2	85	70	4,478	63%	29%	5%	2%	2%
	Kerb and Gutter	-	40	32	33,756	21%	77%	1%	1%	0%
	Other Road Assets	1,397	1,264	387	11,482	9%	20%	33%	22%	16%
	sub total	**1,473**	**5,992**	**4,969**	**265,301**	**21.4%**	**60.2%**	**13.5%**	**4.1%**	**0.8%**

Bega Valley Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV refer (4) & (5) 1	2	3	4	5
Water Supply Network	Dams/Weirs	-	-	92	31,403	80%	20%			0%
	Mains	3,756	60	1,015	107,761	55%	13%	26%	5%	1%
	Reservoirs	-	2	140	46,038	41%	47%	11%	1%	0%
	Pumping Station/s	1,169	14	147	4,752	5%	45%	50%		0%
	Treatment	230	-	75	1,004	75%	25%			0%
	sub total	**5,155**	**76**	**1,469**	**190,958**	**54.6%**	**23.2%**	**18.6%**	**3.1%**	**0.6%**
Sewerage Network	Mains	-	60	400	95,549	41%	32%	24%	2%	1%
	Pumping Station/s	329	23	598	33,861	10%	20%	70%		0%
	Treatment	-	-	45	52,581	10%	20%	70%		0%
	sub total	**329**	**83**	**1,043**	**181,991**	**26.3%**	**26.3%**	**45.8%**	**1.1%**	**0.5%**
Stormwater Drainage	Stormwater Conduits	115	123	134	19,629	54%	42%	3%		1%
	Inlet and Junction Pits	338	123	134	6,610	64%	33%	3%		0%
	sub total	**453**	**246**	**268**	**26,239**	**56.5%**	**39.7%**	**3.0%**	**0.0%**	**0.7%**
Open Space/ Recreational Assets	Other	6,100	3,500	748	22,345	6%	21%	47%	21%	5%
	sub total	**6,100**	**3,500**	**748**	**22,345**	**6.0%**	**21.0%**	**47.0%**	**21.0%**	**5.0%**
Other Infrastructure Assets	Airport	-	-	9	7,070	100%				0%
	sub total	**-**	**-**	**9**	**7,070**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Bega Valley Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	TOTAL - ALL ASSETS	**24,626**	**11,447**	**9,273**	**747,121**	**31.4%**	**35.7%**	**24.3%**	**7.9%**	**0.7%**

Notes:

(1). Satisfactory is defined as “satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate”.
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).

(2). Required Annual Maintenance is “what should be spent to maintain assets in a satisfactory standard.

(3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.

(4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). **Infrastructure Asset Condition Assessment "Key"**

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

Bega Valley Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015

$ '000	Amounts 2015	Indicator 2015	Indicator 2014
Infrastructure Asset Performance Indicators Consolidated			
1. Building, Infrastructure & Other Structures Renewals Ratio			
Asset Renewals (Building, Infrastructure & Other Structures) [1]	16,779	81.99%	61.21%
Depreciation, Amortisation & Impairment	20,464		
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition	24,626	3.26%	8.96%
Total value[2] of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	754,287		
3. Asset Maintenance Ratio			
Actual Asset Maintenance	9,273	0.81	0.94
Required Asset Maintenance	11,447		
4. Capital Expenditure Ratio			
Annual Capital Expenditure	29,095	1.31	1.27
Annual Depreciation	22,181		

Notes

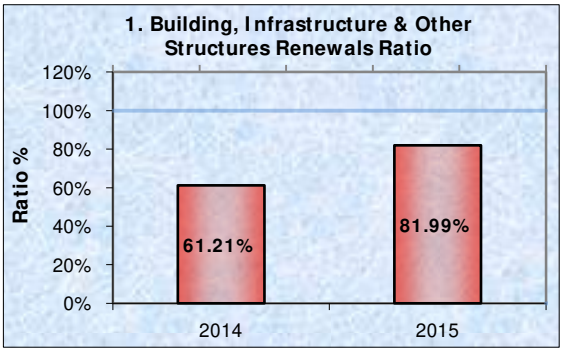
[1] Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

[2] Written Down Value

Bega Valley Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015



Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

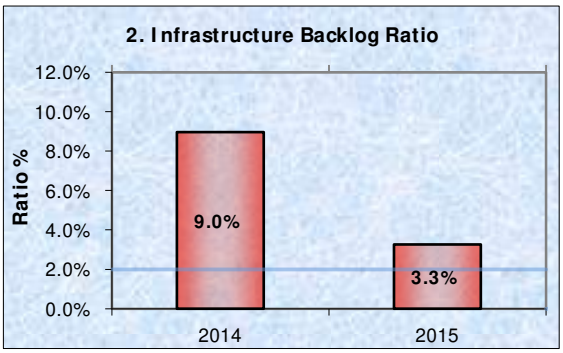
Commentary on 2014/15 Result

2014/15 Ratio 81.99%

In 2014/15 this ratio has improved comparatively but still under the benchmark. This is due to resources being diverted towards some strategic upgrade projects.

Benchmark: ——— Minimum >=100.00%
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

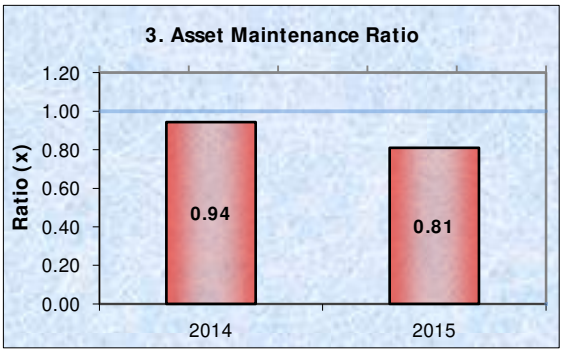
Commentary on 2014/15 Result

2014/15 Ratio 3.26%

This ratio has improved compared to 2013/14 however it is still under the benchmark. Council has put in place action items to achieve a within benchmark ratio for future years.

Benchmark: ——— Maximum <0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

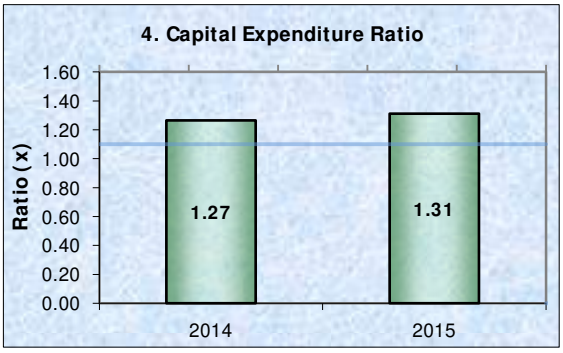
Commentary on 2014/15 Result

2014/15 Ratio 0.81 x

This ratio has declined compared to 2013/14. Council has put in place action items to achieve a within benchmark ratio for future years.

Benchmark: ——— Minimum >1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2014/15 Result

2014/15 Ratio 1.31 x

Capital Expenditure is above benchmark and Council intends to keep it at this level.

Benchmark: ——— Minimum >1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark

Bega Valley Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015

$ '000		Water 2015	Sewer 2015	General[1] 2015
Infrastructure Asset Performance Indicators By Fund				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals (Building, Infrastructure & Other Structures) [2] / Depreciation, Amortisation & Impairment		**0.00%**	**0.00%**	**159.85%**
	prior period:	43.82%	19.75%	94.97%
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition / Total value[3] of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		**2.70%**	**0.18%**	**5.02%**
	prior period:	2.75%	6.08%	13.40%
3. Asset Maintenance Ratio				
Actual Asset Maintenance / Required Asset Maintenance		**19.33**	**12.57**	**0.60**
	prior period:	0.97	1.02	0.91
4. Capital Expenditure Ratio				
Annual Capital Expenditure / Annual Depreciation		**1.10**	**0.64**	**1.72**
	prior period:	0.62	0.81	1.74

Notes

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

(2) 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, infrastructure & Other Structure assets only.

(3) Written Down Value

Bega Valley Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation [1]			
Last Year Notional General Income Yield	a	20,414	21,203
Plus or minus Adjustments [2]	b	244	(151)
Notional General Income	c = (a + b)	**20,658**	**21,052**
Permissible Income Calculation			
Special variation percentage [3]	d	5.50%	5.00%
or Rate peg percentage	e	0.00%	0.00%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	(537)	-
plus Special variation amount	h = d x (c-g)	1,107	1,053
or **plus** Rate peg amount	i = c x e	-	-
or **plus** Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	**21,228**	**22,105**
plus (or minus) last year's Carry Forward Total	l	0	37
less Valuation Objections claimed in the previous year	m	-	(12)
sub-total	n = (l + m)	**0**	**25**
Total Permissible income	o = k + n	**21,228**	**22,129**
less Notional General Income Yield	p	21,203	22,054
Catch-up or (excess) result	q = o - p	**25**	**75**
plus Income lost due to valuation objections claimed [4]	r	12	-
less Unused catch-up [5]	s	-	-
Carry forward to next year	t = q + r - s	**37**	**75**

Notes

1 The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

2 Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.

3 The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.

4 Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.

5 Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

6 Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

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BEGA VALLEY SHIRE COUNCIL
Special Schedule No. 9 - Independent Auditors Report
for the financial year ended 30 June 2015

Scope

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Bega Valley Shire Council for the year ending 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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Independence

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

Audit Opinion

In our opinion, Special Schedule No. 9 of Bega Valley Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the NSW Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the NSW Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

RSM

W. E. Beauman
Director

Sydney, 30 October 2015