

Bellingen Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Bellingen Shire - Naturally Magic



Bellingen Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Bellingen Shire Council.
- (ii) Bellingen Shire Council is a body corporate 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 specified in Section 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on dd/mm/yy.
Council has the power to amend and reissue the financial statements.
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BELLINGEN SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL REPORTS
for the year ending 30 June 2010

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 Reports 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
- The Local Government Code of Accounting Practice and Financial Reporting

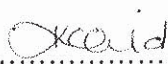
To the best of our knowledge and belief, these Reports

- Present fairly the Council's operating result and financial position for the year, and
- Accord 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 22 October 2010.


.....
Cr M Troy
MAYOR


.....
Cr K Child
COUNCILLOR


.....
Mr M Colreavy
GENERAL MANAGER


.....
Ms S Glasson
RESPONSIBLE ACCOUNTING OFFICER

Bellingen Shire Council

Income Statement

for the financial year ended 30 June 2010

Budget ⁽¹⁾			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
Revenue:				
9,329	Rates & Annual Charges	3a	9,228	8,601
2,210	User Charges & Fees	3b	4,921	4,411
945	Interest & Investment Revenue	3c	1,450	2,133
351	Other Revenues	3d	546	384
4,369	Grants & Contributions provided for Operating Purposes	3e,f	9,298	6,907
1,741	Grants & Contributions provided for Capital Purposes	3e,f	2,424	2,275
Other Income:				
124	Net gains from the disposal of assets	5	187	25
19,069	Total Income from Continuing Operations		28,054	24,736
Expenses from Continuing Operations				
8,370	Employee Benefits & On-Costs	4a	8,641	7,967
96	Borrowing Costs	4b	119	142
4,058	Materials & Contracts	4c	9,404	7,227
4,389	Depreciation & Amortisation	4d	5,058	5,013
-	Impairment	4d	-	2,039
2,177	Other Expenses	4e	2,627	2,263
19,090	Total Expenses from Continuing Operations		25,849	24,651
(21)	Operating Result from Continuing Operations		2,205	85
(21)	Net Operating Result for the Year		2,205	85
(21)	Net Operating Result attributable to Council		2,205	85
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,762)			(219)	(2,190)

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

Bellingen Shire Council

Statement of Comprehensive Income for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		2,205	85
Other Comprehensive Income			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	208,236	1,162
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	635
Total Other Comprehensive Income for the year		208,236	1,797
Total Comprehensive Income for the Year		210,441	1,882
Total Comprehensive Income attributable to Council		210,441	1,882
Total Comprehensive Income attributable to Minority Interests		-	-

Bellingen Shire Council

Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	21,815	15,142
Investments	6b	8,500	13,500
Receivables	7	4,110	5,479
Inventories	8	318	361
Other	8	142	286
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		34,885	34,768
Non-Current Assets			
Investments	6b	-	-
Receivables	7	28	91
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	483,032	250,095
Investments accounted for using the equity method	19	-	-
Investment Property	14	1,266	1,266
Intangible Assets	25	-	-
Other	8	-	-
Total Non-Current Assets		484,326	251,452
TOTAL ASSETS		519,211	286,220
LIABILITIES			
Current Liabilities			
Payables	10	1,829	1,890
Borrowings	10	93	127
Provisions	10	2,330	2,477
Total Current Liabilities		4,252	4,494
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	1,049	1,142
Provisions	10	576	426
Total Non-Current Liabilities		1,625	1,568
TOTAL LIABILITIES		5,877	6,062
Net Assets		513,334	280,158
EQUITY			
Retained Earnings	20	259,234	234,294
Revaluation Reserves	20	254,100	45,864
Total Equity		513,334	280,158

Bellingen Shire Council

Statement of Changes in Equity for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		234,294	45,864	280,158	-	280,158
a. Correction of Prior Period Errors	20 (c)	22,735	-	22,735	-	22,735
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		257,029	45,864	302,893	-	302,893
c. Net Operating Result for the Year		2,205	-	2,205	-	2,205
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	208,236	208,236	-	208,236
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	208,236	208,236	-	208,236
Total Comprehensive Income (c&d)		2,205	208,236	210,441	-	210,441
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		259,234	254,100	513,334	-	513,334

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		233,574	44,702	278,276	-	278,276
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		233,574	44,702	278,276	-	278,276
c. Net Operating Result for the Year		85	-	85	-	85
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,162	1,162	-	1,162
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	635	-	635	-	635
Other Comprehensive Income		635	1,162	1,797	-	1,797
Total Comprehensive Income (c&d)		720	1,162	1,882	-	1,882
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		234,294	45,864	280,158	-	280,158

Bellingen Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
Cash Flows from Operating Activities				
Receipts:				
9,329	Rates & Annual Charges		9,495	8,500
2,210	User Charges & Fees		4,615	4,583
945	Investment & Interest Revenue Received		1,370	1,826
6,110	Grants & Contributions		12,125	7,125
351	Other		3,117	1,055
Payments:				
(8,153)	Employee Benefits & On-Costs		(8,617)	(7,636)
(4,058)	Materials & Contracts		(10,960)	(8,288)
(96)	Borrowing Costs		(100)	(117)
(2,177)	Other		(2,698)	(3,074)
4,461	Net Cash provided (or used in) Operating Activities	11b	8,347	3,974
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		5,005	-
124	Sale of Infrastructure, Property, Plant & Equipment		385	181
11	Deferred Debtors Receipts		16	15
Payments:				
-	Purchase of Investment Securities		-	(13,500)
-	Purchase of Investment Property		-	(20)
(5,608)	Purchase of Infrastructure, Property, Plant & Equipment		(6,953)	(4,903)
(5,473)	Net Cash provided (or used in) Investing Activities		(1,547)	(18,227)
Cash Flows from Financing Activities				
Receipts:				
327	Proceeds from Borrowings & Advances		-	-
Payments:				
(127)	Repayment of Borrowings & Advances		(127)	(229)
200	Net Cash Flow provided (used in) Financing Activities		(127)	(229)
(812)	Net Increase/(Decrease) in Cash & Cash Equivalents		6,673	(14,482)
15,142	plus: Cash & Cash Equivalents - beginning of year	11a	15,142	29,624
14,330	Cash & Cash Equivalents - end of the year	11a	21,815	15,142
Additional Information:				
	plus: Investments on hand - end of year	6b	8,500	13,500
Total Cash, Cash Equivalents & Investments			30,315	28,642

Please refer to Note 11 for additional cash flow information

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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n/a - not applicable

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations and the Local Government Code of Accounting Practice and Financial Reporting.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of infrastructure property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Financial statement presentation

The Council has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Council had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Revenue recognition

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

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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(b) Revenue recognition cont.

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.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and 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). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

User charges and fees

User charges and fees (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.

Sale of plant, property, infrastructure 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

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

(c) Principles of consolidation

(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

The Council controls a number of community management committees under section 355 of the Local Government Act 1993. The majority of these committees are in respect to public reserves, playing fields or public halls and do not involve material transactions. Due to the large number of committees and the low number of transactions and materiality involved in the transactions Council has elected not to consolidate Committees revenue and expenses in these reports.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(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 reports.

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

Council is one of six member Councils of the Clarence Regional Library. Council is represented on the Clarence Regional Library Committee which is responsible for the policies and procedures. The day to day management of the Service is the responsibility of the Executive Officer and the financial reporting is included in the consolidated reports of Clarence Valley Regional Council. Council makes an annual contribution to the operating expenses of the service for the provision of book stocks and information technology services. The co-operative arrangement does not establish the share of assets to which Council would be entitled in the event of the winding up of the arrangement.

(d) Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases Council has no finance leases.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

(e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. 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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for 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.

For non-cash generating assets of the Council such as roads, drains, public buildings and the like value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful 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 receivables. 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. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

(i) Inventories

Stores

Inventories held in respect of stores have been valued at cost, subject to adjustment for loss of service potential. Costs have been assigned to inventory items by the current average price. The amount and type of inventories held are disclosed in Note 8.

(j) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and 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 – these are retained in property, plant and equipment.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(j) Non-current assets held for sale cont.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets 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.

(k) Investments and other financial assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at 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 are financial assets held for trading. A financial asset is classified in this category if 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 classified as current assets.

(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 are included in current assets, except for those with maturities greater than 12 months after balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those 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, comprising principally marketable equities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(k) Investments and other financial assets cont.

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. In addition, Council may 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.

Subsequent measurement

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

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

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(k) Investments and other financial assets cont.

Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act and S212 of the LG (General) Regulations 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Local Government Investment Order. Council maintains an investment policy that complies 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.

(l) 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. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

(m) Infrastructure, property, plant and equipment (IPPE)

Council's assets are being progressively revalued to fair value in accordance with a staged implementation advised by the Department of Local Government. Valuations are carried out by a qualified valuer. At balance date the following classes of IPPE were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Water/Sewerage Networks (Internal Valuation).
- Plant and equipment (as approximated by depreciated historical cost).
- Road assets - roads, bridges and footpaths (Internal Valuation)
- Drainage Assets (Internal Valuation)
- Bulk Earthworks (Internal Valuation)

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(m) Infrastructure, property, plant and equipment (IPPE) cont.

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.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income statement.

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.

Plant and Equipment	4-20 years	Roads, bridges, footpaths	10-100 years
Office Equipment	5-10 years	Stormwater drainage	100 years
Furniture & Fittings	5-20 years	Water Supply Network	30-100 years
Land Improvements - depreciable	5-50 years	Sewerage Network	30-70 years
Buildings - non-specialised	10-60 years	Other Assets	5-50 years
Other Structures	5-60 years		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(n) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in the income statement as part of other income.

(o) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

(q) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(r) Provisions

Provisions for legal claims and service warranties are recognised when: the 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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(r) Provisions cont.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(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.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(s) Employee benefits cont.

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$286 million at 30 June 2010. As a result, they have asked for significant increases in future contributions to recover that deficiency. 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 Council's accounts. 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.

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.

(t) Rounding of amounts

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

(u) Land under roads

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.

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council will recognise all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

(v) Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries

(i) Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and 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. The 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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(v) Provisions for close down, restoration & environmental clean up costs – Tips and Quarries (continued).

Close down and restoration costs are a normal consequence of tip operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

Other movements in the provisions for close down and restoration 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.

(ii) Rehabilitation

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.

(w) Allocation between current and non-current

In the determination of whether an asset or liability is 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. 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

(x) New Accounting Standards & UIG Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(x) New Accounting Standards & UIG Interpretations cont.

(i) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. **No impact on Council.**

(ii) AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. **No impact on Council.**

(iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. Council is yet to assess its full impact. **However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.**

(iv) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. **No impact on Council.**

(v) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. **No impact on Council.**

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

(x) New Accounting Standards & UIG Interpretations cont.

(vi) AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

(y) 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 from both State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(z) Rural Fire Service assets

Under section 119 of the Rural Fire Services 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". Until such time as discussions on this matter have concluded and the legislation changed, Councils will continue to account for these assets as they have been doing in previous years.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2010	2010	2009	2010	2010	2009	2010	2010	2009	2010	2009	2010	2009
Governance	-	-	-	-	184	260	-	(184)	(260)	269	-	-	-
Administration	128	639	378	3,401	2,215	2,658	(3,273)	(1,576)	(2,280)	69	49	23,291	15,302
Public Order & Safety	1,029	887	563	1,200	1,070	959	(171)	(183)	(396)	440	445	4,101	4,577
Health	78	19	64	569	361	496	(491)	(342)	(432)	-	50	504	504
Environment	-	2,363	-	-	3,068	-	-	(705)	-	283	-	-	-
Community Services & Education	343	450	447	450	552	510	(107)	(102)	(63)	290	352	4,323	3,962
Housing & Community Amenities	2,466	299	2,434	3,904	1,198	3,596	(1,438)	(899)	(1,162)	30	476	18,842	9,553
Water Supplies	2,469	2,831	2,461	1,766	1,968	1,925	703	863	536	296	53	38,045	36,495
Sewerage Services	1,937	1,984	1,995	1,899	2,215	1,989	38	(231)	6	40	40	31,417	31,122
Recreation & Culture	196	592	121	1,375	1,694	1,556	(1,179)	(1,102)	(1,435)	854	112	21,708	22,326
Mining, Manufacturing & Construction	138	95	125	216	183	188	(78)	(88)	(63)	-	-	287	318
Transport & Communication	1,845	9,338	5,870	4,048	10,521	7,711	(2,203)	(1,183)	(1,841)	5,277	3,010	367,928	153,208
Economic Affairs	147	204	986	262	620	2,803	(115)	(416)	(1,817)	-	-	8,765	8,853
Total Functions & Activities	10,776	19,701	15,444	19,090	25,849	24,651	(8,314)	(6,148)	(9,207)	7,848	4,587	519,211	286,220
General Purpose Income ¹	8,293	8,353	9,292	-	-	-	8,293	8,353	9,292	2,983	3,610	-	-
Operating Result from Continuing Operations	19,069	28,054	24,736	19,090	25,849	24,651	(21)	2,205	85	10,831	8,197	519,211	286,220

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

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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, together with related administration costs.

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

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

HEALTH

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

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, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

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 and pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		3,711	3,566
Farmland		864	835
Business		336	330
Total Ordinary Rates		4,911	4,731
Special Rates			
Nil			
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		1,483	1,285
Water Supply Services		944	861
Sewerage Services		1,546	1,442
Waste Management Services (non-domestic)		344	282
Total Annual Charges		4,317	3,870
TOTAL RATES & ANNUAL CHARGES		9,228	8,601

Council has used 2007 year valuations provided by the NSW Valuer General in calculating its rates.

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		998	874
Sewerage Services		67	65
Waste Management Services (non-domestic)		135	115
Total User Charges		1,200	1,054
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Private Works - Section 67		17	80
Regulatory/ Statutory Fees		206	144
Town Planning		171	183
Total Fees & Charges - Statutory/Regulatory		394	407
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Caravan Park		14	704
Cemeteries		34	20
Lease Rentals		1	3
Leaseback Fees - Council Vehicles		37	37
Quarry Revenues		10	34
RTA Charges (State Roads not controlled by Council)		3,194	2,121
Workers Comp Rebate / OH&S Incentive Payments		21	16
Other		16	15
Total Fees & Charges - Other		3,327	2,950
TOTAL USER CHARGES & FEES		4,921	4,411

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		47	79
- Interest earned on Investments (interest & coupon payment income)		1,398	1,887
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		5	6
Other		-	161
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,450</u>	<u>2,133</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		41	79
General Council Cash & Investments		459	1,017
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		157	147
- Section 64		254	312
Water Fund Operations		308	318
Sewerage Fund Operations		209	223
Domestic Waste Management operations		22	37
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,450</u>	<u>2,133</u>
(d). Other Revenues			
Rental Income - Investment Properties	14	72	63
Rental Income - Other Council Properties		63	66
Legal Fees Recovery - Rates & Charges (Extra Charges)		109	22
Commissions & Agency Fees		2	2
Insurance Claim Recoveries		101	38
Sales - General		-	12
Workers Comp Income		92	72
Bushfire Costs Reimbursed		90	66
Other		17	43
<u>TOTAL OTHER REVENUE</u>		<u>546</u>	<u>384</u>

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,167	2,801	-	-
Financial Assistance - Local Roads Component	691	680	-	-
Pensioners' Rates Subsidies - General Component	125	129	-	-
Total General Purpose	2,983	3,610	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	51	51	-	-
- Sewerage	39	40	-	-
- Domestic Waste Management	53	50	-	-
Water Supplies	-	-	246	-
Bushfire & Emergency Services	133	166	543	207
Community Care	230	306	-	46
Community Centres	-	-	188	-
Employment & Training Programs	9	8	-	-
Environmental Protection	161	190	102	-
Flood Restoration	4,975	1,834	-	69
Heritage & Cultural	7	5	-	-
Library	50	50	-	-
Noxious Weeds	61	49	-	-
Recreation & Culture	-	-	190	15
Street Lighting	8	8	-	-
Transport (Roads to Recovery)	-	-	326	619
Transport (Other Roads & Bridges Funding)	-	27	-	-
Diesel Fuel Rebate	60	42	-	-
SES Vehicle Replacement	-	-	-	55
Regional Local Communities Infrastructure Program	-	-	87	408
Regional Roads Timber Bridge Replacement	-	-	-	242
Bus Shelters	-	-	-	63
RTA for PAMP	-	-	-	20
Black Spot Funding	-	-	98	10
Town Planning	10	-	-	-
Cycleways	-	-	218	-
Other	3	-	-	7
Total Specific Purpose	5,850	2,826	1,998	1,761
Total Grants	8,833	6,436	1,998	1,761
Grant Revenue is attributable to:				
- Commonwealth Funding	2,858	3,481	974	1,027
- State Funding	5,975	2,955	1,024	734
	8,833	6,436	1,998	1,761

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	2	117	104
S 64 - Water Supply Contributions	-	-	58	132
S 64 - Sewerage Service Contributions	-	-	54	83
Total Developer Contributions	17	2	229	319
Other Contributions:				
Other Councils - Joint Works/Services	66	70	-	-
RTA Contributions (Regional/Local, Block Grant)	396	396	179	184
Other	3	3	18	11
Total Other Contributions	465	469	197	195
Total Contributions	465	471	426	514
TOTAL GRANTS & CONTRIBUTIONS	9,298	6,907	2,424	2,275

\$ '000	Actual 2010	Actual 2009
(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	11,464	9,943
add: Grants and contributions recognised in the current period which have not been spent:	2,389	2,161
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(3,237)	(640)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(848)	1,521
Unexpended at the Close of this Reporting Period and held as Restricted Assets	10,616	11,464
Comprising:		
- Specific Purpose Unexpended Grants	2,081	1,655
- Developer Contributions	8,535	9,809
	10,616	11,464

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a) Employee Benefits & On-Costs			
Salaries and Wages		6,552	6,411
Employee Leave Entitlements (ELE)		967	772
Superannuation - Defined Contribution Plans		404	443
Superannuation - Defined Benefit Plans		495	212
Workers' Compensation Insurance		458	297
Fringe Benefit Tax (FBT)		28	44
Training Costs (other than Salaries & Wages)		101	85
Other		35	41
Total Employee Costs		9,040	8,305
less: Capitalised Costs		(399)	(338)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>8,641</u>	<u>7,967</u>
Number of "Equivalent Full Time" Employees at year end		142	128
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		96	114
Total Interest Bearing Liability Costs Expensed		96	114
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE			
- Remediation Liabilities	26	23	-
Interest applicable on Interest Free (& favourable) Loans to Council		-	28
Total Other Borrowing Costs		23	28
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>119</u>	<u>142</u>

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Materials & Contracts			
Raw Materials & Consumables		2,501	1,823
Contractors			
- Caravan Park Management		-	195
- Externally Hired Plant		1,335	671
- Waste & Recycling		1,478	1,394
- Electrical Maintenance		70	70
- IT Support		57	88
- Mowing		204	55
- Roads Maintenance		1,050	733
- Swimming Pool		77	88
- Traffic Control Services		501	572
- Labour Hire		450	-
- Other Contractors		992	1,044
Consultancies			
- Accounting		-	138
- Engineering		170	52
- Environmental		139	72
- OH & S		25	17
- Other Consultancies		74	45
Auditors Remuneration			
- Audit Services (Council's Auditor)		25	21
- Other Services (Council's Auditor)		3	-
Legal Expenses:			
- Legal Expenses - Planning & Development		5	3
- Legal Expenses - Other		24	13
- Legal Expenses - Debt Recovery		97	25
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		127	108
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>9,404</u>	<u>7,227</u>
1. Operating Lease Payments are attributable to:			
- Computers		127	108
		<u>127</u>	<u>108</u>

Bellingen Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
Plant and Equipment		-	42	957	970
Office Equipment		-	-	43	60
Furniture & Fittings		-	10	33	28
Land Improvements (depreciable)		-	28	70	74
Buildings - Non Specialised		-	1,719	618	638
Buildings - Specialised		-	-	-	-
Other Structures		-	240	71	119
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	1,912	1,858
- Stormwater Drainage		-	-	90	88
- Water Supply Network		-	-	605	560
- Sewerage Network		-	-	630	590
Other Assets					
- Other		-	-	9	8
Asset Reinstatement Costs	9 & 26	-	-	20	20
Total Depreciation & Impairment Costs		-	2,039	5,058	5,013
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	2,039	5,058	5,013

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		133	112
Bad & Doubtful Debts		15	1
Bank Charges		54	56
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		41	41
- Bushfire Fighting Fund		262	209
- Emergency Services Levy		26	-
- Waste Levy		47	-
- Dept of Lands		273	-
Councillor Expenses - Mayoral Fee		20	21
Councillor Expenses - Councillors' Fees		65	61
- Donations & Contributions to Local & Regional Bodies		351	317
Election Expenses		-	59
Electricity & Heating		375	365
Insurance		345	261
Postage		23	29
Printing & Stationery		89	159
Street Lighting		105	148
Subscriptions & Publications		110	62
Telephone & Communications		156	133
Licence Fees		80	159
Conferences / Seminars		50	69
Other		7	1
<u>TOTAL OTHER EXPENSES</u>		<u>2,627</u>	<u>2,263</u>

Note 5. Gains or Losses from the Disposal of Assets

Plant & Equipment

Proceeds from Disposal	385	181
less: Carrying Amount of P&E Assets Sold	(198)	(156)
Net Gain/(Loss) on Disposal	187	25
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>	<u>187</u>	<u>25</u>

Bellinghen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2	-	114	-
Cash-Equivalent Assets ¹					
- Deposits at Call		7,364	-	4,528	-
- Short Term Deposits		14,449	-	10,500	-
Total Cash & Cash Equivalents		21,815	-	15,142	-
Investment Securities (Note 6b)					
- Long Term Deposits		8,500	-	13,500	-
Total Investment Securities		8,500	-	13,500	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		30,315	-	28,642	-

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"	21,815	-	15,142	-
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Investments

b. "Held to Maturity"	8,500	-	13,500	-
Investments	8,500	-	13,500	-

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

Balance at the Beginning of the Year	13,500	-	-	-
Additions	-	-	13,500	-
Disposals (sales & redemptions)	(5,000)	-	-	-
Balance at End of Year	8,500	-	13,500	-

Comprising:

- Long Term Deposits	8,500	-	13,500	-
Total	8,500	-	13,500	-

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	30,315	-	28,642	-
attributable to:				
External Restrictions (refer below)	24,207	-	24,212	-
Internal Restrictions (refer below)	4,920	-	4,430	-
Unrestricted	1,188	-	-	-
	30,315	-	28,642	-

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Deposits, Bonds, Etc	160	-	(40)	120
External Restrictions - Included in Liabilities	160	-	(40)	120

External Restrictions - Other

Developer Contributions - General (D)	3,493	640	(893)	3,240
Developer Contributions - Water Fund (D)	3,685	-	(398)	3,287
Developer Contributions - Sewer Fund (D)	2,631	-	(623)	2,008
Specific Purpose Unexpended Grants (F)	1,655	426	-	2,081
Water Supplies (G)	6,338	1,298	-	7,636
Sewerage Services (G)	4,379	88	-	4,467
Domestic Waste Management (G)	455	-	(112)	343
Environmental Levy	171	229	(191)	209
Special Roads Levy	677	237	(396)	518
Crown Reserves incl Anchors	568	7	(277)	298
External Restrictions - Other	24,052	2,925	(2,890)	24,087
Total External Restrictions	24,212	2,925	(2,930)	24,207

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.

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,227	-	(44)	1,183
Infrastructure Replacement	1,540	1,236	(914)	1,862
Employees Leave Entitlement	795	150	(387)	558
Carry Over Works	37	47	(12)	72
Business Plan	10	-	-	10
Land Development	82	-	-	82
Waste Management	124	79	-	203
Quarry Regeneration	6	-	(6)	-
IT Reserve	306	120	(21)	405
Environmental and Heritage	10	10	-	20
Recreation	46	3	(5)	44
Emergency Services	97	-	-	97
Workers Comp Contingency	150	-	(21)	129
Training & Development	-	50	-	50
Youth Centre Operations	-	100	-	100
Streetscape Improvements	-	105	-	105
Total Internal Restrictions	4,430	1,900	(1,410)	4,920
TOTAL RESTRICTIONS	28,642	4,825	(4,340)	29,127

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		781	-	996	52
Interest & Extra Charges		186	-	157	-
User Charges & Fees		1,630	-	1,090	-
Accrued Revenues					
- Interest on Investments		284	-	243	-
- Other Income Accruals		336	-	12	-
Deferred Debtors		16	28	16	39
Other levels of Government		884	-	2,971	-
Total		4,117	28	5,485	91
less: Provision for Impairment					
User Charges & Fees		(7)	-	(6)	-
Total Provision for Impairment - Receivables		(7)	-	(6)	-
<u>TOTAL NET RECEIVABLES</u>		<u>4,110</u>	<u>28</u>	<u>5,479</u>	<u>91</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		397	-	417	-
Sewerage Services					
- Rates & Availability Charges		177	-	206	-
Domestic Waste Management		122	-	149	-
Total External Restrictions		696	-	772	-
Unrestricted Receivables		3,414	28	4,707	91
TOTAL NET RECEIVABLES		4,110	28	5,479	91

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 is charged on overdue rates & charges at 9.00% (2009 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		230	-	254	-
Trading Stock		88	-	107	-
Total Inventories		318	-	361	-
Other Assets					
Prepayments		142	-	286	-
Total Other Assets		142	-	286	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>		<u>460</u>	<u>-</u>	<u>647</u>	<u>-</u>
 (i) Externally Restricted Assets					
Water					
Stores & Materials		21	-	26	-
Total Water		21	-	26	-
Total Externally Restricted Assets		21	-	26	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		439	-	621	-
TOTAL INVENTORIES & OTHER ASSETS		<u>460</u>	<u>-</u>	<u>647</u>	<u>-</u>

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2009				Asset Movements during the Reporting Period					as at 30/6/2010			
	At	At	Accumulated	Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated	Carrying
	Cost	Fair Value	Deprec.	Value						Cost	Fair Value	Dep'n	Value
Plant & Equipment	-	13,041	8,069	4,972	2,232	(198)	(957)	(23)	-	-	14,708	8,682	6,026
Office Equipment	-	1,286	1,077	209	32	-	(43)	-	-	-	1,338	1,140	198
Furniture & Fittings	-	448	243	205	15	-	(33)	1	-	-	427	239	188
Land:													
- Operational Land	-	23,074	-	23,074	19	-	-	(4)	-	-	23,089	-	23,089
- Community Land	11,412	-	-	11,412	-	-	-	-	-	-	11,412	-	11,412
Land Improvements - depreciable	2,054	-	786	1,268	14	-	(70)	42	-	-	1,958	704	1,254
Buildings - Non Specialised	-	33,239	14,507	18,732	701	-	(618)	267	-	-	34,646	15,564	19,082
Other Structures	2,812	-	1,372	1,440	230	-	(71)	(536)	-	-	1,826	763	1,063
Infrastructure:													
- Roads, Bridges, Footpaths	111,049	-	50,351	60,698	2,287	-	(1,912)	22,562	67,949	-	220,483	68,899	151,584
- Bulk Earthworks (non-depreciable)	81,352	-	-	81,352	-	-	-	-	129,441	-	210,793	-	210,793
- Stormwater Drainage	8,843	-	3,703	5,140	141	-	(90)	245	9,528	-	24,653	9,689	14,964
- Water Supply Network	-	40,133	16,512	23,621	665	-	(605)	187	713	-	42,329	17,748	24,581
- Sewerage Network	-	34,069	16,553	17,516	886	-	(630)	24	605	-	36,113	17,712	18,401
Other Assets:													
- Library Books	5	-	5	-	-	-	-	-	-	5	-	5	-
- Other	269	-	177	92	-	-	(9)	(30)	-	235	-	182	53
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)													
- Tip Asset	363	-	17	346	-	-	(17)	-	-	362	-	33	329
- Quarry Asset	34	-	16	18	-	-	(3)	-	-	34	-	19	15
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	218,193	145,290	113,388	250,095	7,222	(198)	(5,058)	22,735	208,236	636	623,775	141,379	483,032

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	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	-	475	380	95	-	595	421	174
Office Equipment	-	118	23	95	-	118	19	99
Furniture & Fittings	-	29	12	17	-	29	8	21
Land								
- Operational Land	-	1,393		1,393	-	1,386	-	1,386
- Improvements - depreciable	106	-	21	85	106	-	18	88
Buildings	-	668	242	426	-	951	349	602
Other Structures	14	-	2	12	14	-	1	13
Other Assets	-	-	-		22	-	-	22
Infrastructure	-	42,329	17,748	24,581	-	40,133	16,512	23,621
Total Water Supply	120	45,012	18,428	26,704	142	43,212	17,328	26,026
Sewerage Services								
Plant & Equipment	-	382	157	225	-	357	158	199
Office Equipment	-	66	35	31	-	66	23	43
Furniture & Fittings	-	4	2	2	-	4	2	2
Land								
- Operational Land	-	5,668		5,668	-	5,667	-	5,667
Buildings	-	469	142	327	-	507	148	359
Other Structures	136	-	53	83	136	-	49	87
Other Assets	38	-	10	28	38	-	4	34
Infrastructure	-	36,113	17,712	18,401	-	34,069	16,553	17,516
Total Sewerage Services	174	42,702	18,111	24,765	174	40,670	16,937	23,907
Domestic Waste Management								
Plant & Equipment	-	23	19	4	-	23	17	6
Land								
- Operational Land	-	1,527	-	1,527	-	1,527	-	1,527
- Improvements - depreciable	392	-	67	325	392	-	60	332
Buildings	-	271	151	120	-	271	145	126
Other Structures	169	-	40	129	169	-	27	142
Future Reinstatement Costs	363	-	33	330	363	-	17	346
Total DWM	924	1,821	310	2,435	924	1,821	266	2,479
TOTAL RESTRICTED I,PP&E	1,218	89,535	36,849	53,904	1,240	85,703	34,531	52,412

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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,301	-	1,276	-
Payments Received In Advance		108	-	198	-
Accrued Expenses:					
- Borrowings		-	-	4	-
- Interest on Bonds & Deposits		1	-	-	-
- Salaries & Wages		232	-	149	-
- Other Expenditure Accruals		29	-	29	-
Security Bonds, Deposits & Retentions		158	-	215	-
Other		-	-	19	-
Total Payables		1,829	-	1,890	-
Borrowings					
Loans - Secured ¹		93	1,049	127	1,142
Total Borrowings		93	1,049	127	1,142
Provisions					
Employee Benefits;					
Annual Leave		629	-	716	-
Sick Leave		495	-	486	-
Long Service Leave		1,155	127	1,218	-
Sub Total - Aggregate Employee Benefits		2,279	127	2,420	-
Asset Remediation/Restoration (Future Works) ²⁶		-	449	-	426
Other		51	-	57	-
Total Provisions		2,330	576	2,477	426
Total Payables, Borrowings & Provisions		4,252	1,625	4,494	1,568

(i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	-	-	64	465
Water	36	-	38	-
Sewer	48	-	13	11
Other	120	-	-	-
Liabilities relating to externally restricted assets	204	-	115	476
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	204	-	115	476

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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	2010	2009
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,653	1,834
	1,653	1,834

Note 10b. Description of and movements in Provisions

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	716	341	(434)	6	-	629
Sick Leave	486	30	-	(21)	-	495
Long Service Leave	1,218	328	(172)	(92)	-	1,282
Asset Remediation	426	23	-	-	-	449
Other	57	(6)	-	-	-	51
TOTAL	2,903	716	(606)	(107)	-	2,906

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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2010	Actual 2009
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	21,815	15,142
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		21,815	15,142
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		2,205	85
Adjust for non cash items:			
Depreciation & Amortisation		5,058	7,052
Net Losses/(Gains) on Disposal of Assets		(187)	(25)
Non Cash Capital Grants and Contributions		(269)	(261)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Favourable Financial Liabilities (ie. Loans with no Interest Payable)		-	(6)
- Fair value adjustments as revenue items		-	(161)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		(5)	-
- Interest on all fair value adjusted Interest Free Advances made by Council		(5)	-
Unwinding of Discount Rates on Reinstatement Provisions		23	562
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		1,420	(2,813)
Increase/(Decrease) in Provision for Doubtful Debts		1	-
Decrease/(Increase) in Inventories		43	69
Decrease/(Increase) in Other Current Assets		144	(194)
Increase/(Decrease) in Payables		25	(395)
Increase/(Decrease) in accrued Interest Payable		(4)	(4)
Increase/(Decrease) in other accrued Expenses Payable		83	156
Increase/(Decrease) in Other Current Liabilities		(165)	-
Increase/(Decrease) in Employee Leave Entitlements		(14)	148
Increase/(Decrease) in Other Provisions		(6)	(239)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,347	3,974

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		269	261
Total Non-Cash Investing & Financing Activities		269	261
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		-	-
Credit Cards / Purchase Cards		40	40
Total Financing Arrangements		40	40
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		1	-
Total Financing Arrangements Utilised		1	-

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

(ii) Secured Loan Liabilities

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

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
(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		25	116
Land for Parking		265	-
Total Commitments		290	116
These expenditures are payable as follows:			
Within the next year		290	116
Total Payable		290	116
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		290	116
Total Sources of Funding		290	116
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Waste Management Services		6,221	7,934
Audit Services		88	109
Other		714	417
Total Commitments		7,023	8,460
These expenditures are payable as follows:			
Within the next year		1,334	1,257
Later than one year and not later than 5 years		4,692	5,061
Later than 5 years		997	2,142
Total Payable		7,023	8,460

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Finance Lease Commitments			
Nil			
(d) 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		87	91
Later than one year and not later than 5 years		85	163
Total Non Cancellable Operating Lease Commitments		172	254
(e) Investment Property Commitments			
Nil			
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		373	522
Later than one year and not later than 5 years		494	316
Total Payable		867	838

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 2009 2008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>9,961</u>	4.16 : 1	3.83	3.14
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>2,395</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>223</u>	1.15%	1.79%	1.41%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>19,315</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>9,228</u>	32.89%	34.77%	40.91%
Revenue from Continuing Operations	<u>28,054</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>967</u>	9.13%	12.30%	11.94%
Rates, Annual & Extra Charges Collectible	<u>10,589</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>2,678</u>	69.47%	61.00%	121.00%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>3,855</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Water 2010	Sewer 2010	General ¹ 2010
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	223.72 : 1	96.75 : 1	4.16 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
2. Debt Service Ratio			
Debt Service Cost	0.00%	0.20%	1.49%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	33.73%	77.09%	28.89%
Revenue from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	39.90%	11.29%	4.90%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	0.00%	0.00%	103.24%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for it's Water & Sewer activities which are listed separately.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 14. Investment Properties

\$ '000	Notes	Actual 2010	Actual 2009
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>1,266</u>	<u>1,266</u>
Reconciliation of Annual Movement:			
Opening Balance		1,266	1,246
- Acquisitions		-	20
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>1,266</u>	<u>1,266</u>
(b) Valuation Basis			
<p>The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.</p> <p>The 2010 revaluations were based on Independent Assessments made by: Mr Martin Burns of Liquid Pacific Pty Ltd</p>			
(c) Contractual Obligations at Reporting Date			
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.			
(d) Leasing Arrangements			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:			
Within 1 year		-	-
Later than 1 year but less than 5 years		-	-
Later than 5 years		-	-
Total Minimum Lease Payments Receivable		<u>-</u>	<u>-</u>
(e) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		72	63
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(27)	(15)
Total Income attributable to Investment Properties		<u>45</u>	<u>48</u>

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2010	2009	2010	2009
Financial Assets				
Cash and Cash Equivalents	21,815	15,142	21,815	15,142
Investments				
- "Held to Maturity"	8,500	13,500	8,500	13,500
Receivables	4,138	5,570	4,138	5,570
Total Financial Assets	34,453	34,212	34,453	34,212
Financial Liabilities				
Payables	1,721	1,890	1,721	1,890
Loans / Advances	1,142	1,269	1,142	1,269
Total Financial Liabilities	2,863	3,159	2,863	3,159

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 far 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.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance Section manages its Cash & Investments portfolio with the assistance of independent advisors.

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

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

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

A further risk associated with Cash & Investments is credit risk - the risk that the counterparty (to an investment) 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.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (during 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.

2010	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	280	280	280	280
2009				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	46	46	46	46

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	2,116	-	3,367
Overdue	781	1,248	1,048	1,161
	781	3,364	1,048	4,528
(ii) Movement in Provision for Impairment of Receivables			2010	2009
Balance at the beginning of the year			6	6
+ new provisions recognised during the year			1	-
Balance at the end of the year			7	6

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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.

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down.

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2010									
Trade/Other Payables	158	1,563	-	-	-	-	-	1,721	1,721
Loans & Advances	-	93	58	62	66	69	794	1,142	1,142
Total Financial Liabilities	158	1,656	58	62	66	69	794	2,863	2,863
2009									
Trade/Other Payables	215	1,477	-	-	-	-	-	1,692	1,692
Loans & Advances	-	127	93	58	62	65	864	1,269	1,269
Total Financial Liabilities	215	1,604	93	58	62	65	864	2,961	2,961

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:

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,721	0.0%	1,692	0.0%
Loans & Advances - Fixed Interest Rate	1,142	7.8%	1,269	7.8%
	<u>2,863</u>		<u>2,961</u>	

Bellinghen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 23 June 2010.

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.

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

Note that for Variations: F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2010 Budget	2010 Actual	2010 Variance*	-----	-----
REVENUES					
Rates & Annual Charges	9,329	9,228	(101)	(1%)	U
User Charges & Fees	2,210	4,921	2,711	123%	F
The increase of \$2,711k on the original budget is due to increased works on Waterfall Way. These works are generally approved by the RTA on an ad hoc basis during the year.					
Interest & Investment Revenue	945	1,450	505	53%	F
Interest income was higher than budget by \$505k as the original estimate was conservative due to the economic climate existing at that time.					
Other Revenues	351	546	195	56%	F
Other income was higher than expected due to legal action fees for outstanding rates being recovered (extra \$50k) and insurance claims of \$101k that were not included in the original budget.					
Operating Grants & Contributions	4,369	9,298	4,929	113%	F
Operating grants were higher than anticipated due to the receipt of flood grants of \$4,975k.					
Capital Grants & Contributions	1,741	2,424	683	39%	F
Capital grants varied from the original budget mainly through receipt of the following grants: - Cycleways \$218k, Fluoridation \$246k, RFS Building Upgrade \$170k					
Net Gains from Disposal of Assets	124	187	63	51%	F
Council's profit on sale of plant and equipment was higher than budgeted by \$63k as part of the plant replacement program for 2008-09 was carried out in 2009-10.					

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	8,370	8,641	(271)	(3%)	U
Borrowing Costs	96	119	(23)	(24%)	U
The unwinding of the tip and quarry remediation provisions (\$23k) was not included in the 2009-10 budget.					
Materials & Contracts	4,058	9,404	(5,346)	(132%)	U
Flood restoration works carried out during the year were the main factor in the increased use of materials and contracts.					
Depreciation & Amortisation	4,389	5,058	(669)	(15%)	U
Depreciation expense has varied from the original budget in the following areas:					
- Water assets \$280k, Sewer assets \$230k, Roads infrastructure \$130k, Public Halls \$70k.					
The budget calculations did not allow for the increase in value of some of these assets over the last few years.					
Other Expenses	2,177	2,627	(450)	(21%)	U
Other expenses includes an unbudgeted payment to the Lands Department of cash held by Council for Crown Reserves (North Beach Caravan Park and Hungry Head) in an amount of \$270k. Insurance costs (\$80k) and levies by Government Departments (\$70k) also increased.					

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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	
Drainage	8	-	-	1	-	-	9	-	-	9	-
Roads	2,790	45	-	122	(512)	-	2,445	147	(1,820)	772	-
Community Facilities	516	72	-	25	(13)	-	600	473	(1,000)	73	-
S94 Contributions - under a Plan	3,314	117	-	148	(525)	-	3,054	620	(2,820)	854	-
Total S94 Revenue Under Plans	3,314	117	-	148	(525)	-	3,054				-
S94 not under Plans	179	-	-	9	(2)	-	186	-	-	186	-
S64 Contributions	6,316	112	-	254	(1,387)	-	5,295				
Total Contributions	9,809	229	-	411	(1,914)	-	8,535	620	(2,820)	1,040	-

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Community Services & Amenities

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	
Community Facilities	451	67	-	22	(13)	-	527	473	(1,000)	-	-
Total	451	67	-	22	(13)	-	527	473	(1,000)	-	-

CONTRIBUTION PLAN - South Urunga Development Area

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	9	-	-	1	-	-	10	-	-	10	-
Total	9	-	-	1	-	-	10	-	-	10	-

CONTRIBUTION PLAN - Bellingen Council Roads

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	2,772	42	-	121	(512)	-	2,423	-	-	2,423	-
Total	2,772	42	-	121	(512)	-	2,423	-	-	2,423	-

CONTRIBUTION PLAN - Bridge Replacement

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	9	3	-	-	-	-	12	147	(1,820)	(1,661)	-
Total	9	3	-	-	-	-	12	147	(1,820)	(1,661)	-

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Bushfire Services Plan

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	
Community Facilities	65	5	-	3	-	-	73	-	-	73	-
Total	65	5	-	3	-	-	73	-	-	73	-

CONTRIBUTION PLAN - Bellingen Drainage

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	
Drainage	8	-	-	1	-	-	9	-	-	9	-
Total	8	-	-	1	-	-	9	-	-	9	-

S94 CONTRIBUTIONS - NOT UNDER A PLAN

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	
Drainage	8	-	-	-	-	-	8	-	-	8	-
Roads	96	-	-	5	-	-	101	-	-	101	-
Other	75	-	-	4	(2)	-	77	-	-	77	-
Total	179	-	-	9	(2)	-	186	-	-	186	-

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, 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 valuation of the scheme is monitored annually and the actuary has estimated that as at 30 June 2010 a deficit of approximately \$286 million exists.

Effective from 1 July 2009, employers are required to contribute at twice the "notional" or long term cost for a period of up to 10 years in order to rectify this deficit. Council's share of this deficit has been broadly estimated to be in the order of \$721,000 as at 30/6/10.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable.

(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 Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

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

(iii) StateCover Limited

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

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

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

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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.

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

Council is one of six member Councils of the Clarence Regional Library. Council is represented on the Clarence Regional Library Committee which is responsible for the policies and procedures. The day to day management of the service is the responsibility of the Executive Officer and the financial reporting is included in the consolidated reports of Clarence Valley Regional Council. Council makes an annual contribution to the operating expenses of the services for the provision of book stocks and information technology services. The co-operative arrangement does not establish the share of assets to which council would be entitled in the event of the winding up of the arrangement.

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2010	Actual 2009
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		234,294	233,574
a. Correction of Prior Period Errors	20 (c)	22,735	-
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	635
d. Net Operating Result for the Year		2,205	85
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
Balance at End of the Reporting Period		259,234	234,294

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	254,100	45,864
Total	254,100	45,864

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	45,864	44,702
- Revaluations for the year	208,236	1,162
- Balance at End of Year	254,100	45,864

TOTAL VALUE OF RESERVES

254,100	45,864
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(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.

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2010	Actual 2009
c. Correction of Error/s relating to a Previous Reporting Period			
<p>As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:</p> <ul style="list-style-type: none"> - Roads, Bridges & Footpaths - Stormwater Drainage <p>As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.</p> <p>This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.</p> <p>Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in this report).</p> <p>As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;</p> <ul style="list-style-type: none"> - Roads, Bridges & Footpaths - Stormwater Drainage <p>This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus at year end</p>			
		22,372	
		363	
		22,735	

d. Voluntary Changes in Accounting Policies

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

Bellingen Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund	Actual	Actual	Actual
\$ '000	2010	2010	2010
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	990	1,568	6,670
User Charges & Fees	1,100	67	3,754
Interest & Investment Revenue	476	301	673
Other Revenues	1	5	540
Grants & Contributions provided for Operating Purposes	51	39	9,208
Grants & Contributions provided for Capital Purposes	304	54	2,066
Other Income			
Net Gains from Disposal of Assets	13	-	174
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	2,935	2,034	23,085
Expenses from Continuing Operations			
Employee Benefits & on-costs	791	822	7,028
Borrowing Costs	-	1	118
Materials & Contracts	433	586	8,385
Depreciation & Amortisation	673	683	3,702
Impairment	-	-	-
Other Expenses	161	162	2,304
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	7	(7)
Total Expenses from Continuing Operations	2,058	2,261	21,530
Operating Result from Continuing Operations	877	(227)	1,555
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	877	(227)	1,555
Net Operating Result attributable to each Council Fund	877	(227)	1,555
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	573	(281)	(511)

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.

Bellingen Shire Council

Notes to the Financial Statements
as at 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund	Actual	Actual	Actual
\$ '000	2010	2010	2010
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	-	6,475	15,340
Investments	10,923	-	(2,423)
Receivables	397	177	3,536
Inventories	21	-	297
Other	-	-	142
Non-current assets classified as "held for sale"	-	-	-
Total Current Assets	11,341	6,652	16,892
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	28
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	26,704	24,765	431,563
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	1,266
Intangible Assets	-	-	-
Other	-	-	-
Total Non-Current Assets	26,704	24,765	432,857
TOTAL ASSETS	38,045	31,417	449,749
LIABILITIES			
Current Liabilities			
Payables	36	37	1,756
Borrowings	-	3	90
Provisions	-	-	2,330
Total Current Liabilities	36	40	4,176
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	8	1,041
Provisions	-	-	576
Total Non-Current Liabilities	-	8	1,617
TOTAL LIABILITIES	36	48	5,793
Net Assets	38,009	31,369	443,956
EQUITY			
Retained Earnings	15,615	8,325	235,294
Revaluation Reserves	22,394	23,044	208,662
Total Equity	38,009	31,369	443,956

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.

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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 Balance Sheet Date

Events that occur after the reporting date of 30 June 2010, up to and including 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 appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is dd/mm/yy.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2010.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2010 and which are only indicative of conditions that arose after 30 June 2010.

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".

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 25. Intangible Assets

\$ '000

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.

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2010	2009
Tip Remediation	2030	400	381
Quarry Remediation	2015	49	45
Balance at End of the Reporting Period	10	449	426

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	426	681
Amounts capitalised to new or existing assets:		
- revised cost for tip assets	-	227
Amortisation of discount (expensed to borrowing costs)	23	18
Expenditure incurred attributable to Provisions	-	(500)
Total - Reinstatement, rehabilitation and restoration provision	449	426

Amount of Expected Reimbursements

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

Bellingen Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 27. Additional Council Disclosures - Council Information

Principal Place of Business:

Hyde Street
BELLINGEN NSW 2454

Contact Details

Mailing Address:

PO Box 117
BELLINGEN NSW 2454

Telephone: 02 6655 7300

Facsimile: 02 6655 2310

Opening Hours

8.30am to 4.30pm
Monday to Friday

Internet: <http://www.bellingen.nsw.gov.au/>

Email: council@bellingen.nsw.gov.au

Officers

GENERAL MANAGER

Mike Colreavy

RESPONSIBLE ACCOUNTING OFFICER

Susan Glasson

PUBLIC OFFICER

Peter Wilson

AUDITORS

Forsyths
92 Rusden Street
ARMIDALE NSW 2350

Elected Members

MAYOR

Mark Troy

COUNCILLORS

Kerrie Child
Gordon Braithwaite
Ian Coe
Bruce Cronin
David Scott
Sean Tuohy

Other Information

ABN: 26 066 993 265

Armidale

92 Rusden Street
PO Box 114
Armidale NSW 2350

p +61 2 6773 8400

f +61 2 6772 9957

e armidale@forsyths.com.au

Forsyths Business Services Pty Ltd
ABN 66 182 781 401

INDEPENDENT AUDIT REPORT
Report on the general purpose financial statements

To Bellingen Shire Council

SCOPE

The financial statements comprise the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413(2)(C) of the Local Government Act 1993 for Bellingen Shire Council (the Council), for the year ended 30th June 2010.

Councils' responsibility for the financial statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), 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 control relevant to the preparation and fair presentation of the financial statements that is free of 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 to the Council based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Audit 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 from material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement and Cash Flow Statement and the Original Budget disclosures in Notes 2(a) and 16 nor the non-mandatory disclosures in Note 21 and 13(b) to the financial statements 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 Council'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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENCE

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

AUDIT OPINION

In our opinion:

- (a) the accounting records of the Council have been kept in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
- (b) the general purpose financial statements:
 - (i) has been prepared in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
 - (ii) is consistent with the Council's accounting records; and
 - (iii) presents fairly, in all material respects, the Council's financial position as at 30th June 2010 and the results of its operations for the year then ended;
- (c) we have been able to obtain all information relevant to the conduct of our audit; and
- (d) no material deficiencies in the records or the financial statements were detected in the course of the audit.

Forsyths

Forsyths Business Services Pty Ltd


Geoffrey W Allen
Principal

12 November 2010
92 Rusden Street Armidale

12 November 2010

The Mayor
Bellingen Shire Council
PO Box 117
Bellingen 2454

Armidale

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Armidale NSW 2350

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e armidale@forsyths.com.au

Forsyth's Business Services Pty Ltd
ABN 66 182 781 401

Dear Mr Mayor

AUDIT OF ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2010

We are pleased to report that we have completed the audit of Council's records for the year ended 30th June 2010 and have issued our audit opinion on the general purpose financial statements and special purpose financial statements as required by the provisions of Section 417(2) of the Local Government Act 1993.

Under Section 417(3) of the Local Government Act we are also required to report on the conduct of the audit.

Council's responsibilities

The Council is responsible for preparing the financial statements that gives a true and fair view of the financial position and performance of the Council, and that complies with Accounting Standards in Australia, in accordance with the Local Government Act 1993. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Objectives

The overall objectives of the audit were to enable us to form an opinion as to whether, in all material respects, the general purpose financial statements:

- were presented fairly in accordance with the requirements of the Local Government Act 1993 and prescribed Regulations and the Australian Accounting Standards; and
- presented a view which was consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Page 1

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Scope of the Audit and responsibilities

Audit procedures were primarily aimed at achieving audit objectives and did not seek to confirm for management purposes the effectiveness of all internal controls. The planning of the audit procedures was based on an assessment of the risk of the existence of errors and/or irregularities which could materially affect the financial statements.

We conducted an independent audit of the financial statements in order to express an opinion on them to the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement and Statement of Cash Flows the Original Budget disclosures in Notes 2(a) and 16 or the non-mandatory disclosures in Note 21 and 13(b) to the financial statements and accordingly, we express no opinion on them.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls. We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial statements. These and other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Council.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Bellinghen Shire Council for the year ended 30 June 2010 included on Bellinghen Shire Council's web site. Council is responsible for the integrity of the Council's web site. We have not been engaged to report on the integrity of the Council's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.



Additional Reporting Requirements

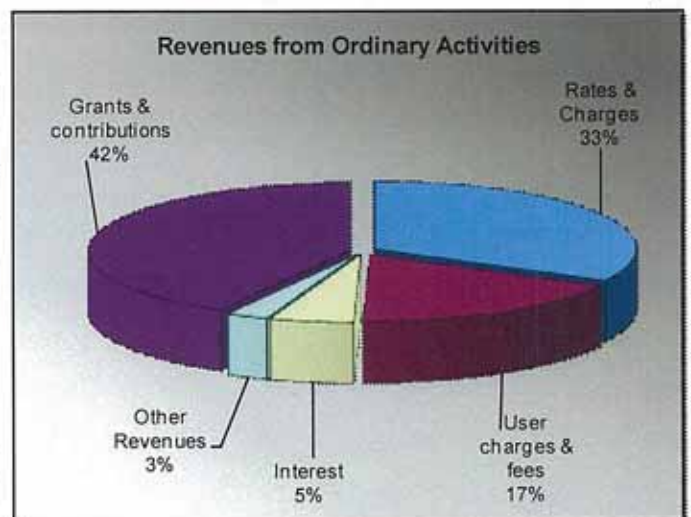
In accordance with Section 417(3) of the Local Government Act we make the following comments in relation to the results and financial trends.

The Income Statement for the year ended 30 June 2010 discloses the following result:

INCOME STATEMENT	Budget	Actual	Actual	Variance	
	2010	2010	2009	Actual	Budget
	\$'000	\$'000	\$'000	%	%
INCOME					
Rates & annual charges	9,329	9,228	8,601	7.3%	-1.1%
User charges & fees	2,210	4,921	4,411	11.6%	122.7%
Interest	945	1,450	2,133	-32.0%	53.4%
Other revenues from ordinary activities	351	546	384	42.2%	55.6%
Grants & contributions - Operating	4,369	9,298	6,907	34.6%	112.8%
Grants & contributions - Capital	1,741	2,424	2,275	6.5%	39.2%
Gain from sale of assets	124	187	25	648.0%	50.8%
Total Revenue from Ordinary Activities	19,069	28,054	24,736	13.4%	47.1%
EXPENSES					
Employee costs	8,370	8,641	7,967	8.5%	3.2%
Borrowing costs	96	119	142	-16.2%	24.0%
Materials and contracts	4,058	9,404	7,227	30.1%	131.7%
Depreciation & amortisation	4,389	5,058	5,013	0.9%	15.2%
Other expenses from ordinary activities	2,177	2,627	2,263	16.1%	20.7%
Impairment losses	0	0	2,039	0.0%	0.0%
Total Expenses from Ordinary Activities	19,090	25,849	24,651	4.9%	35.4%
NET OPERATING RESULT FOR THE YEAR	(21)	2,205	85	8.6%	11.7%
Net operating result before capital grants	(1,762)	(219)	(2,190)	2.0%	-27.5%

The financial statements report an operating surplus of \$2.2m for the year compared with a surplus of \$85,000 in the previous year. This result includes grants for capital purposes of \$2.4m. The expenditure of these grants is not recorded in this statement but in the Balance Sheet and when excluded the surplus reverts to a deficit of \$219,000 (2009: \$2.2m).

Total income increased by 13.4%. The increase was a result of increases in rates and annual charges of 7.3% due in rate rises, increased domestic waste chares and water supply charges; increases in user charges and fees of 11.6% a result of increased RTA charges for flood damage restoration; and increases in operating grants and contributions of 34.6% due to additional grants for flood restoration. These increases were partially offset by a decrease in interest and investment revenue. There was also an increase of 6.5% in capital grants and contributions relating to water supply and cycleway grants partially offset by reduced Roads to Recovery funding.



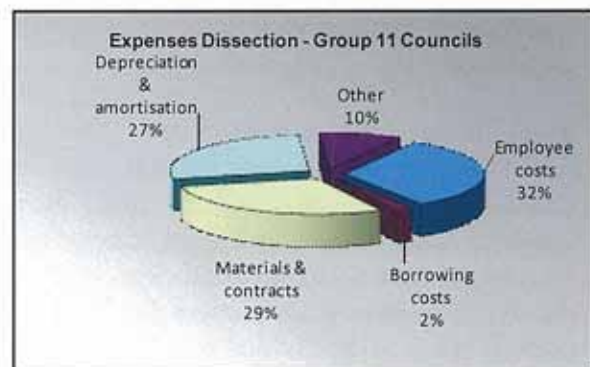
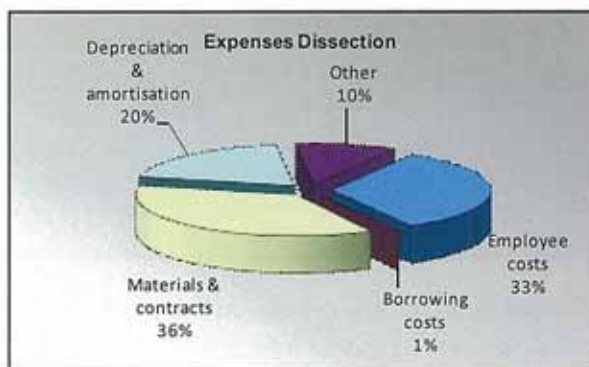


Expenditure increased by 4.9% on the previous year largely as a result of increased employee costs due to an increase in the number of employees and increased materials and contracts due to an increased level of maintenance work as a result of floods. These increases were partially offset by a reduction in impairment losses. The impairment loss in the prior year related to the hand over of the caravan parks at North Beach and Hungry Head to the Department of Lands on 1 July 2009 for no consideration.

The actual operating deficit (excluding capital income) for the year of \$219,000 compares with the original budget deficit of \$1.8m. The variation between the actual results and the original budget is primarily due to the following:

Budget Variations > than 10% and > \$1m	Comment
User charges & fees	2,711,000 Favourable variance to budget mainly due to the increased work of the Waterfall Way on behalf of the RTA.
Interest & Investment revenues	505,000 Favourable variance to budget because the budget was conservative due to the economic climate.
Operating Grants	4,929,000 Operating grants were favourable to budget due to the additional grants received in relation to the flood damage.
Capital Grants	683,000 Capital grants were favourable to budget due to grants for cycleways of \$218k, Fluoridation of \$246k and RFS Building Upgrade of \$170k.
Employee Costs	-271,000 Adverse to budget mainly due to an increase in the number of employees and award increases in pay rates.
Materials & Contracts	-5,346,000 Adverse to budget due to flood restoration works carried out during the year
Depreciation & Amortisation	-669,000 Adverse to budget as the budget had not allowed for the increase in values of water assets, sewer assets, road infrastructure and public halls
Other Costs	-450,000 Adverse to budget mainly because the budget had not allowed for payment of the Department of Lands of cash held by council for crown reserves, unbudgeted insurance costs and Government levies.

Below is a comparison of expense dissections for the Council for 2010 compared to the average of Group 11 Councils for 2009 (last available data).

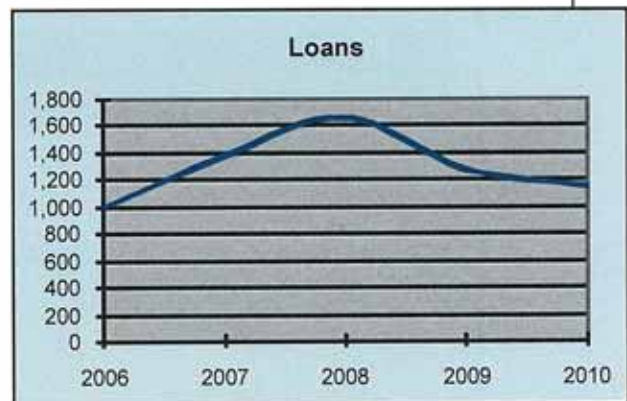
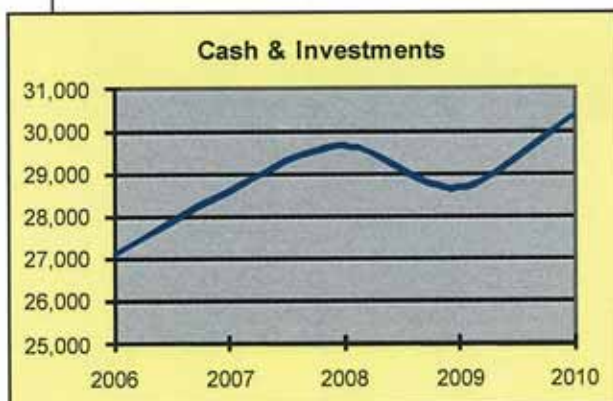


We note that Council's expenditure dissection is similar to Group 11 Councils with depreciation & amortisation lower than average and materials & contracts are higher than average due to the flood restoration work.



The following schedule of assets and liabilities has been extracted from the Balance Sheet as at 30th June 2010. This schedule discloses the consolidated assets and liabilities of all functions.

BALANCE SHEET (NCA Format)	2010 \$'000	2009 \$'000	Variance
CURRENT ASSETS			
Cash Assets	21,815	15,142	44.1%
Investment securities	8,500	13,500	-37.0%
Receivables	4,110	5,479	-25.0%
Inventories	318	361	-11.9%
Other	142	286	-50.3%
TOTAL CURRENT ASSETS	34,885	34,768	0.3%
CURRENT LIABILITIES			
Payables	1,829	1,890	-3.2%
Interest Bearing Liabilities	93	127	-26.8%
Provisions	2,330	2,477	-5.9%
TOTAL CURRENT LIABILITIES	4,252	4,494	-5.4%
NET CURRENT ASSETS	30,633	30,274	1.2%
NON-CURRENT ASSETS			
Receivables	28	91	-69.2%
Investment Property	1,266	1,266	0.0%
Property Plant & Equipment	483,032	250,095	93.1%
TOTAL NON-CURRENT ASSETS	484,326	251,452	92.6%
NON-CURRENT LIABILITIES			
Provisions	576	426	35.2%
Interest Bearing Liabilities	1,049	1,142	-8.1%
TOTAL NON-CURRENT LIABILITIES	1,625	1,568	3.6%
NET ASSETS	513,334	280,158	83.2%



Cash and Investments as at 30th June 2010 stand at \$30.3m compared to \$28.6m in 2009 due to the positive cash provided by operations partially off set by the purchase of assets and the repayment of loans during the year.

Receivables have decreased 1.4m due to an improvement in the collection of outstanding rates and charges and the reduction in grants receivable at year end.



Borrowings have reduced by \$127,000 due to scheduled repayments.

The increase in infrastructure, property, plant and equipment of \$232.9m is mainly due to the revaluation of roads and related infrastructure during the year. The revaluation process ensures that asset condition and replacement values are assessed, which will then improve the depreciation methodology for infrastructure assets in future years. This will provide improved financial reporting regarding Council's ability to fund the deterioration in infrastructure assets reflected by depreciation each year. Council has now revalued a majority of its infrastructure assets, excluding community land and other structures.

WORKING CAPITAL

The Net Current Asset position at year end is an important financial indicator as it discloses the working capital available to Council to fund day to day operations and finance infrastructure and new community projects. However, included in Current Assets are assets which are "Restricted" by regulation or other externally imposed requirements and therefore are not available for other than their restricted purpose. The following table isolate these restrictions:

	Water \$'000	Sewerage \$'000	Dom Waste \$'000	General \$'000	Total \$'000
Current Assets	11,341	6,652	465	16,427	34,885
Current Liabilities	36	40	-	4,176	4,252
Net Current Assets	11,305	6,612	465	12,251	30,633
Add back Employee Entitlements > 12 months	-	-	-	1,653	1,653
LESS: Current Restricted Cash & Investments (Included in Revenue)					
Deposits, Bonds, etc	-	-	-	120	120
Developer Contributions	3,287	2,008	-	3,240	8,535
Unexpended Grants	-	-	-	2,081	2,081
Environmental Levy	-	-	-	209	209
Crown Reserves incl Anchors Wharf	-	-	-	298	298
Special Rate Levy - Roads	-	-	-	518	518
	3,287	2,008	-	6,466	11,761
FUNDS AVAILABLE After external restrictions	8,018	4,604	465	7,438	20,525
LESS: INTERNAL RESTRICTIONS	-	-	-	4,920	4,920
NET FUNDS After Internal Restrictions	8,018	4,604	465	2,518	15,605

INTERNAL RESTRICTIONS	Opening	Transfers		Closing
	1-Jul \$'000	to \$'000	from \$'000	30-Jun \$'000
Employee Entitlements	795	150	387	558
Infrastructure Replacement	1,540	1,236	914	1,862
Plant Replacement	1,227	-	44	1,183
Carry-over works	37	47	12	72
Business Plans	10	-	-	10
Land Development	82	-	-	82
Waste Management (Non-Domestic)	124	79	-	203
Quarry Regeneration	6	-	6	-
IT Reserve	306	120	21	405
Environmental and Heritage	10	10	-	20
Recreation	46	3	5	44
Emergency Services	97	-	-	97
Training & Development	-	50	-	50
Youth Centre Operations	-	100	-	100
Streetscape Improvements	-	105	-	105
Workers Comp Contingency	150	-	21	129
	4,430	1,900	1,410	4,920

The above table demonstrates that the General fund has available funds of \$7.4m before setting aside



funds in reserves (internal restrictions). After funding \$4.9m (2009: \$4.4m) in internal restrictions, Council has \$2.5m (2009: \$2.8m) to fund day to day working capital requirements.

Council has internally restricted \$558,000 to fund non-current employee leave entitlements. This restriction represents 23% of current leave entitlements. This funding is considered adequate given that the annual leave component is traditionally provided for in Council's current year budget.

PERFORMANCE INDICATORS

The Code of Accounting Practice requires the mandatory disclosure of certain performance indicators. These financial indicators are useful in assessing performance, financial position and the likely financial burden to be placed on ratepayers.

The key financial indicators disclosed in the Financial Statements are:

RATIO	PURPOSE	2010	2009	2008	2007	2006
UNRESTRICTED RATIO	To assess the adequacy of working capital after excluding all restricted assets and liabilities.	4.16	3.83	3.14	4.4	3.67
DEBT SERVICE RATIO	To assess the degree to which revenues are committed to the repayment of debt.	1.2%	1.8%	1.0%	1.3%	1.5%
RATE COVERAGE RATIO	To assess the degree of dependence upon revenues from rates and annual charges.	32.9%	34.8%	41.0%	41.0%	38.0%
OUTSTANDING RATES %	To assess the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts.	9.1%	12.3%	11.9%	6.7%	6.8%
ASSET RENEWALS RATIO	To assess the rate at which assets are being renewed against the rate they are being depreciated	0.69	0.61	1.21	-	-

The unrestricted ratio excludes all current assets and liabilities that are restricted to specific purposes such as water, sewer, domestic waste management functions and specific purpose unexpended grants & contributions. This ratio is before setting aside cash to fund internal restrictions relative to the general function. This ratio has increased on the previous year. The ratio of 4.16 is higher than the Group 11 Council average of 4.01 and a State average of 2.73 for 2009 (last available information). A ratio of 2 or better is generally viewed by the industry as good.

The debt service ratio has decreased due to a reduction of debt servicing costs. The ratio of 1.2% compares with the average of 3.47% for Group 11 Councils and a State average of 4.57% in 2009.

The rate coverage ratio shows that 32.9% of the Council's income is derived from rates and charges. This compares to the average of 34.45% for Group 11 Councils and a NSW state average of 47.24% in 2009.

The outstanding rates and charges ratio of 9.1% is an improvement on the prior year, however it is considered too high and reflects the delay in debt recovery action. The Group 11 outstanding rates and charges ratio was 8.16% and the State average was 5.4%.

The asset renewals ratio was established by the Department of Local Government from the 2007



year. The ratio is to assist readers of the financial statements to assess Council's performance with renewing its infrastructure assets against the level of infrastructure asset deterioration (as represented by depreciation expense).

The ratio for 2010 highlights that Council expended about 61 cents on asset renewals for every \$1 of estimated reduction in asset condition in the same period. In essence, the ratio is explaining that, in financial terms, Council's overall infrastructure has deteriorated during the year.

Overall the financial indicators show that Council's current financial standing as at 30th June 2009 is sound.

The increase in current cash and investments is evident in the following table extracted from the Statement of Cash Flows.

CASH & INVESTMENT MOVEMENTS	Actual 2010	Actual 2009	Variance
	\$'000	\$'000	%
CASH & INVESTMENT INFLOWS			
Operating Receipts	30,722	23,089	33.1%
Proceeds from Assets Sales	385	181	112.7%
Repayment from Deferred Debtors	16	15	7%
Proceeds from sale of investment securities	5,005	0	0.0%
Proceeds from Borrowings	0	0	0.0%
TOTAL RECEIPTS	36,128	23,285	55.2%
CASH & INVESTMENT OUTFLOWS			
Operating Payments	22,375	19,115	17.1%
Purchase of Assets	6,953	4,903	41.8%
Purchase of investment securities	0	13,500	0.0%
Repayment of Loans	127	229	-44.5%
Purchase of investment property	0	20	0.0%
TOTAL PAYMENTS	29,455	37,767	-22.0%
CASH & INVESTMENT MOVEMENT	6,673	-14,482	-146.1%
Cash Assets	21,815	15,142	44.1%
Investment securities	8,500	13,500	-37.0%
Total Cash & Investments on Hand	30,315	28,642	5.8%

Total cash and investment balance increased from \$28.6m in 2009 to \$30.3m due to increased receipts from operations.

Cash Outflows for "Purchase of Assets" included road and bridge construction totalling \$2.3m. This compares with the \$1.9m annual rate of depreciation of these assets. In assessing the replacement rate of depreciating assets it is also important to note that Special Schedule No 7, which is an unaudited statement prepared in conjunction with the financial report, discloses that the estimated cost to bring roads and bridges to a satisfactory standard is \$5.8m.

Other assets purchased during the year included items of plant worth \$2.2m, buildings worth \$0.9m and water, sewer and stormwater infrastructure of \$1.7m.

SPECIAL PURPOSE REPORTS

Council is required to report the financial results of identified Business Units in accordance with National Competition Policy guidelines. The reports are known as Special Purpose Financial Reports



and are subject to audit. Council has identified Water and Sewerage functions as Category 1 Business Units.

WATER SUPPLY FUNCTION

The Special Purpose Financial Reports disclose that the Water Supply function recorded an operating surplus (before capital funding) of \$528,000 after allowing for depreciation of \$673,000.

The Net Current Asset position records a positive balance of \$11,305,000 compared to \$10,428,000 for the previous year. The net current asset position is considered good, especially given the fund has no debt and the condition of water infrastructure assets in Special Schedule 7 (unaudited) is "fair".

SEWERAGE SERVICES

This function recorded an operating deficit (before capital funding) of \$337,000 after allowing for depreciation of \$683,000. The current level of Net Current Assets of \$6,612,000 is sound given the size of the function and considering the fund has minimal debt and the condition of sewerage infrastructure assets in Special Schedule 7 (unaudited) is "fair".

GENERAL

Reporting obligations under the Local Government Act

It is pleasing to report that Council's systems and records have been well maintained during the year. The audited accounts are being submitted to the Department of Local Government after the legislated deadline of 31 October 2010 but within the approved extended timeframe of 30 November 2010. However, it is noted that the Local Government Act does not contain a provision for an extension of time to lodge the annual financial statements beyond 31 October 2010.

We take this opportunity of thanking the General Manager and his staff for their co-operation and assistance during the course of the audit.

Under section 419 of the Local Government Act 1993, Council is required to give public notice of a Council meeting for the purpose of presenting the audited financial statements and the auditor's report. A Principal of this firm is available to attend this meeting to address any questions in respect of the audit report or the conduct of the audit.

Yours faithfully

FORSYTHS BUSINESS SERVICES PTY LTD


Geoffrey W Allen
Principal

Bellingen Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Bellingen Shire - Naturally Magic



Bellingen Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

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- Income Statement of Other Business Activities	n/a
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- Balance Sheet of Other Business Activities	n/a
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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).
-

BELLINGEN SHIRE COUNCIL
SPECIAL PURPOSE FINANCIAL REPORTS

for the year ending 30 June 2010

**STATEMENT BY COUNCILLORS AND MANAGEMENT
MADE PURSUANT TO THE LOCAL GOVERNMENT CODE OF ACCOUNTING
PRACTICE AND FINANCIAL REPORTING**

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


- NSW Government Policy Statement "Application of National Competition Policy to local Government".
- Department of Local Government Guidelines "Pricing and Costing for Council Business: A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The Department of Water and Energy Practice Management of Water Supply and sewerage Guidelines.


To the best of our knowledge and belief, these Reports


- 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 the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 22 October 2010


.....
Cr M Troy
MAYOR


.....
Cr K Child
COUNCILLOR


.....
Mr M Colreavy
GENERAL MANAGER


.....
Ms S Glasson
RESPONSIBLE ACCOUNTING OFFICER

Bellingen Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
Income from continuing operations			
Access charges	990	909	862
User charges	1,056	936	840
Fees	44	39	31
Interest	476	502	398
Grants and contributions provided for non capital purposes	51	53	73
Profit from the sale of assets	13	-	16
Other income	1	-	-
Total income from continuing operations	2,631	2,439	2,220
Expenses from continuing operations			
Employee benefits and on-costs	791	697	705
Borrowing costs	-	-	-
Materials and contracts	433	419	571
Depreciation and impairment	673	631	585
Water purchase charges	-	-	-
Loss on sale of assets	-	-	-
Calculated taxation equivalents	45	41	7
Debt guarantee fee (if applicable)	-	-	-
Other expenses	161	189	73
Total expenses from continuing operations	2,103	1,977	1,941
Surplus (deficit) from Continuing Operations before capital amounts	528	462	279
Grants and contributions provided for capital purposes	304	132	75
Surplus (deficit) from Continuing Operations after capital amounts	832	594	354
Surplus (deficit) from Discontinued Operations	-	-	-
Surplus (deficit) from ALL Operations before tax	832	594	354
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(158)	(139)	(84)
SURPLUS (DEFICIT) AFTER TAX	674	455	270
plus Opening Retained Profits	14,751	14,129	13,768
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	45	41	7
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	158	139	84
less:			
- Tax Equivalent Dividend paid	(13)	(13)	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	15,615	14,751	14,129
Return on Capital %	2.0%	1.8%	1.3%
Subsidy from Council	834	479	764
Calculation of dividend payable:			
Surplus (deficit) after tax	674	455	270
less: Capital grants and contributions (excluding developer contributions)	(246)	-	-
Surplus for dividend calculation purposes	428	455	270
Potential Dividend calculated from surplus	214	228	135

Bellingen Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
Income from continuing operations			
Access charges	1,568	1,461	1,412
User charges	67	65	118
Liquid Trade Waste Charges	-	-	-
Fees	-	-	-
Interest	301	350	272
Grants and contributions provided for non capital purposes	39	40	39
Profit from the sale of assets	-	-	-
Other income	5	3	20
Total income from continuing operations	1,980	1,919	1,861
Expenses from continuing operations			
Employee benefits and on-costs	822	704	650
Borrowing costs	1	1	1
Materials and contracts	586	560	526
Depreciation and impairment	683	638	593
Loss on sale of assets	7	8	-
Calculated taxation equivalents	55	50	7
Debt guarantee fee (if applicable)	1	1	1
Other expenses	162	103	44
Total expenses from continuing operations	2,317	2,065	1,822
Surplus (deficit) from Continuing Operations before capital amounts	(337)	(146)	39
Grants and contributions provided for capital purposes	54	94	57
Surplus (deficit) from Continuing Operations after capital amounts	(283)	(52)	96
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(283)	(52)	96
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(12)
SURPLUS (DEFICIT) AFTER TAX	(283)	(52)	84
plus Opening Retained Profits	8,561	8,571	8,467
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	55	50	7
- Debt guarantee fees	1	1	1
- Corporate taxation equivalent	-	-	12
less:			
- Tax Equivalent Dividend paid	(9)	(9)	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	8,325	8,561	8,571
Return on Capital %	-1.4%	-0.6%	0.2%
Subsidy from Council	1,599	-	-
Calculation of dividend payable:			
Surplus (deficit) after tax	(283)	(52)	84
less: Capital grants and contributions (excluding developer contributions)	(1)	(11)	-
Surplus for dividend calculation purposes	-	-	84
Potential Dividend calculated from surplus	-	-	42

Bellingen Shire Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2010

\$ '000	Actual 2010	Actual 2009
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	10,923	10,023
Receivables	397	417
Inventories	21	26
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	11,341	10,466
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	26,704	26,026
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	26,704	26,026
TOTAL ASSETS	38,045	36,492
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	36	38
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	36	38
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	36	38
NET ASSETS	38,009	36,454
EQUITY		
Retained earnings	15,615	14,751
Revaluation reserves	22,394	21,703
Council equity interest	38,009	36,454
Minority equity interest	-	-
TOTAL EQUITY	38,009	36,454

Bellingen Shire Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2010

\$ '000	Actual 2010	Actual 2009
ASSETS		
Current Assets		
Cash and cash equivalents	6,475	7,010
Investments	-	-
Receivables	177	206
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	6,652	7,216
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	24,765	23,907
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	24,765	23,907
TOTAL ASSETS	31,417	31,123
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	37	10
Interest bearing liabilities	3	3
Provisions	-	-
Total Current Liabilities	40	13
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	8	11
Provisions	-	-
Total Non-Current Liabilities	8	11
TOTAL LIABILITIES	48	24
NET ASSETS	31,369	31,099
EQUITY		
Retained earnings	8,325	8,561
Revaluation reserves	23,044	22,538
Council equity interest	31,369	31,099
Minority equity interest	-	-
TOTAL EQUITY	31,369	31,099

Bellingen Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

Contents of the Notes accompanying the Financial Statements

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Bellingen Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- 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. They are 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 Division 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. Bellingen Shire Council Water Supply

Comprising the whole of the operations and assets of the water supply systems servicing the towns of Bellingen, Urunga, North Beach and Dorrigo. As the total annual operating revenues exceed \$2,000,000, it is defined as a "Category 1" Business Unit.

b. Bellingen Shire Council Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the towns of Bellingen, Urunga and Dorrigo. As the total annual operating revenues exceed \$2,000,000, it is defined as a "Category 1" Business Unit.

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 Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Bellingen Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

(i) Taxation Equivalent Charges

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$376,000** of combined land values attracts **0%**. From \$376,001 to \$2,299,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,299,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.65%** on the value of taxable salaries and wages in excess of \$638,000.

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 the business.

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 GPFS.

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.

Bellingen Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

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

Subsidies occur 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 Business Activities.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.10% at 30/6/10.

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 2010 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 its payment.

Bellingen Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2010

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	45,000
(ii)	No of assessments multiplied by \$3/assessment	12,765
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	12,765
(iv)	Amounts actually paid for Tax Equivalents	12,765

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	213,800
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	114,885
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	1,153,300

2010 Surplus	427,600	2009 Surplus	455,400	2008 Surplus	270,300
		2009 Dividend	-	2008 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	114,885
(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)	NO
(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]	NO
(iii)	Sound Water Conservation and Demand Management implemented	NO
(iv)	Sound Drought Management implemented	NO
(v)	Complete Performance Reporting Form (by 15 September each year)	NO
(vi)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Bellingen Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2010
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)	\$'000 2,205
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)]	% 51.61%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000 26,609
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000 1,296
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000 665
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)]	% 0.88%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000 246

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

Bellingen Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2010

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	56,000
(ii)	No of assessments multiplied by \$3/assessment	9,387
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	9,387
(iv)	Amounts actually paid for Tax Equivalents	9,387

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 x (\$30 less tax equivalent charges per assessment)	84,483
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	(262,700)

2010 Surplus	(284,000)	2009 Surplus	(63,000)	2008 Surplus	84,300
		2009 Dividend	-	2008 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)	NO
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Bellingen Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2010

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	1,733
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	24,540
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	1,503
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	886
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)]	%	-1.83%
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	3,944
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	2.28%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,551
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)]	%	-0.42%
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%

Bellingen Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

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

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

2010

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)]	%	-25.06%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): - 217 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: - 771 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	360
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	90

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

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Forsyth's Business Services Pty Ltd
ABN 66 182 781 401

INDEPENDENT AUDIT REPORT
Report on the special purpose financial statements

To Bellingen Shire Council

SCOPE

We have audited the special purpose financial statements of Bellingen Shire Council for the year ended 30th June 2010 comprising the Statement by Councillors and Management, Income Statement of Business Activities, Balance Sheet by Business Activities, and Note 1 to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year.

Councils' responsibility for the financial statements

The Council is responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the requirements of the Department of Local Government and Council. The Councils' responsibility also includes establishing and maintaining internal control 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 used, as described in Note 1, are appropriate to meet the needs of the Council or the Department 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 Council'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 Council'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.

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

The special purpose financial statements have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

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

INDEPENDENCE

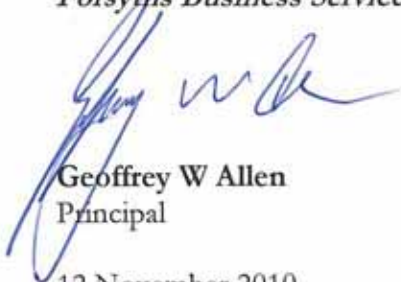
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

AUDIT OPINION

In our opinion, the Special Purpose Financial statements of the Bellingen Shire Council for the year ended 30th June 2010 are presented fairly, in all material respects, in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Forsyths

Forsyths Business Services Pty Ltd



Geoffrey W Allen
Principal

12 November 2010
92 Rusden Street Armidale

Bellingen Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2010

Bellingen Shire - Naturally Magic



Bellingen Shire Council

Special Schedules

for the financial year ended 30 June 2010

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
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¹ Special Purpose Schedules are not audited.

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,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (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.

Bellinghen Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Administration	2,399	458	181	(1,760)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	806	228	550	(28)
Beach Control	146	4	51	(91)
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	58	18	-	(40)
Other	60	36	-	(24)
Total Public Order & Safety	1,070	286	601	(183)
Health	361	19	-	(342)
Environment				
Noxious Plants and Insect/Vermin Control	175	61	-	(114)
Other Environmental Protection	335	164	-	(171)
Solid Waste Management	2,215	2,104	-	(111)
Street Cleaning	253	28	-	(225)
Drainage	-	-	-	-
Stormwater Management	90	6	-	(84)
Total Environment	3,068	2,363	-	(705)
Community Services and Education				
Administration & Education	135	45	67	(23)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	206	211	-	5
Childrens Services	211	67	60	(84)
Total Community Services & Education	552	323	127	(102)
Housing and Community Amenities				
Public Cemeteries	43	34	-	(9)
Public Conveniences	299	-	-	(299)
Street Lighting	105	8	-	(97)
Town Planning	749	257	-	(492)
Other Community Amenities	2	-	-	(2)
Total Housing and Community Amenities	1,198	299	-	(899)
Water Supplies	1,968	2,514	317	863
Sewerage Services	2,215	1,938	46	(231)

Bellingen Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	515	51	-	(464)
Museums	21	13	-	(8)
Art Galleries	-	-	-	-
Community Centres and Halls	170	1	128	(41)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	3	-	-	(3)
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	232	1	-	(231)
Parks & Gardens (Lakes)	677	47	69	(561)
Other Sport and Recreation	76	83	199	206
Total Recreation and Culture	1,694	196	396	(1,102)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	143	85	-	(58)
Other Mining, Manufacturing & Construction	40	10	-	(30)
Total Mining, Manufacturing and Const.	183	95	-	(88)
Transport and Communication				
Urban Roads (UR) - Local	1,204	-	107	(1,097)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,945	4,946	250	3,251
Sealed Rural Roads - Regional	932	396	125	(411)
Unsealed Rural Roads (URR) - Local	2,771	-	-	(2,771)
Unsealed Rural Roads (URR) - Regional	50	-	-	(50)
Bridges on UR - Local	12	5	3	(4)
Bridges on SRR - Local	651	-	-	(651)
Bridges on URR - Local	51	-	-	(51)
Bridges on Regional Roads	132	-	54	(78)
Parking Areas	7	-	-	(7)
Footpaths	12	-	217	205
Aerodromes	7	-	-	(7)
Other Transport & Communication	2,747	3,235	-	488
Total Transport and Communication	10,521	8,582	756	(1,183)
Economic Affairs				
Camping Areas & Caravan Parks	288	24	-	(264)
Other Economic Affairs	332	180	-	(152)
Total Economic Affairs	620	204	-	(416)
Totals – Functions	25,849	17,277	2,424	(6,148)
General Purpose Revenues⁽¹⁾		8,353	-	8,353
Share of interests - joint ventures & associates using the equity method	-	-	-	-
NET OPERATING RESULT FOR YEAR	25,849	25,630	2,424	2,205

(1) Includes: Rates & Annual Charges (incl. Ex Gratia), Untied General Purpose Grants & Interest on Investments (excl. Restricted Assets)

Bellingen Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose) for the financial year ended 30 June 2010

\$'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	127	1,142	1,269	-	127	-	-	96	93	1,049	1,142
Other	-	-	-							-	-
Total Loans	127	1,142	1,269	-	127	-	-	96	93	1,049	1,142
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	127	1,142	1,269	-	127	-	-	96	93	1,049	1,142

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 (as per the GPFS's).

Bellingen 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 2010

\$'000	Actuals 2010	Actuals 2009
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	451	469
b. Engineering and Supervision	264	228
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	95	68
d. Maintenance expenses	80	75
- Reservoirs		
e. Operation expenses	10	16
f. Maintenance expenses	4	4
- Pumping Stations		
g. Operation expenses (excluding energy costs)	7	3
h. Energy costs	113	97
i. Maintenance expenses	61	48
- Treatment		
j. Operation expenses (excluding chemical costs)	100	101
k. Chemical costs	44	44
l. Maintenance expenses	44	28
- Other		
m. Operation expenses	2	2
n. Maintenance expenses	21	38
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	600	582
b. Plant and equipment	73	49
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	89	84
d. Tax Equivalents Dividends (actually paid)	13	13
5. Total expenses	2,071	1,949

Bellingen 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 2010

\$'000	Actuals 2010	Actuals 2009
Income		
6. Residential charges		
a. Access (including rates)	990	909
b. Usage charges	1,056	936
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	5	-
9. Interest income	471	502
10. Other income	45	39
11. Grants		
a. Grants for acquisition of assets	246	-
b. Grants for pensioner rebates	51	51
c. Other grants	-	2
12. Contributions		
a. Developer charges	58	132
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	<u>2,922</u>	<u>2,571</u>
14. Gain or loss on disposal of assets	13	-
15. Operating Result	<u>864</u>	<u>622</u>
15a. Operating Result (less grants for acquisition of assets)	618	622

Bellingen 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 2010

\$'000	Actuals 2010	Actuals 2009
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	665	983
c. Renewals	-	-
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	665	983
Non-operating funds employed		
20. Proceeds from disposal of assets	47	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	47	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	3,694	3,675
b. Residential (unoccupied, ie. vacant lot)	129	115
c. Non-residential (occupied)	408	413
d. Non-residential (unoccupied, ie. vacant lot)	24	23
25. Number of ETs for which developer charges were received	11 ET	24 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 50,608	\$ 51,061

Bellingen Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2010

\$'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*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 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)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2009/10 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* 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.

Bellingen Shire Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	3,287	-	3,287
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	7,636	-	7,636
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and charges	397	-	397
c. Other	-	-	-
32. Inventories	21	-	21
33. Property, plant and equipment			
a. System assets	-	26,609	26,609
b. Plant and equipment	-	95	95
34. Other assets	-	-	-
35. Total assets	<u>11,341</u>	<u>26,704</u>	<u>38,045</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	36	-	36
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>36</u>	<u>-</u>	<u>36</u>
41. NET ASSETS COMMITTED	<u>11,305</u>	<u>26,704</u>	<u>38,009</u>
EQUITY			
42. Accumulated surplus			15,615
43. Asset revaluation reserve			22,394
44. TOTAL EQUITY			<u>38,009</u>
Note to system assets:			
45. Current replacement cost of system assets			44,658
46. Accumulated current cost depreciation of system assets			(18,049)
47. Written down current cost of system assets			<u>26,609</u>

Bellingen Shire Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	339	366
b. Engineering and Supervision	180	174
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	33	20
b. Maintenance expenses	112	58
- Pumping Stations		
c. Operation expenses (excluding energy costs)	79	53
d. Energy costs	50	44
e. Maintenance expenses	81	125
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	233	165
g. Chemical costs	89	83
h. Energy costs	70	53
i. Effluent Management	6	8
j. Biosolids Management	78	55
k. Maintenance expenses	137	107
- Other		
l. Operation expenses	1	2
m. Maintenance expenses	15	13
3. Depreciation expenses		
a. System assets	661	619
b. Plant and equipment	22	19
4. Miscellaneous expenses		
a. Interest expenses	1	1
b. Revaluation Decrements	-	-
c. Other expenses	67	41
d. Tax Equivalent Dividends (actually paid)	9	9
5. Total expenses	2,263	2,015

Bellingen Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
Income		
6. Residential charges (including rates)	1,568	1,461
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	67	65
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	301	350
11. Other income	5	3
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	39	40
c. Other grants	-	-
13. Contributions		
a. Developer charges	54	94
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	<u>2,034</u>	<u>2,013</u>
15. Gain or loss on disposal of assets	(7)	(8)
16. Operating Result	<u>(236)</u>	<u>(10)</u>
16a. Operating Result (less grants for acquisition of assets)	(236)	(10)

Bellingen Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	886	338
c. Renewals	-	-
d. Plant and equipment	-	18
18. Repayment of debt		
a. Loans	3	3
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	889	359
Non-operating funds employed		
21. Proceeds from disposal of assets	29	10
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	29	10
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	2,746	2,723
b. Residential (unoccupied, ie. vacant lot)	94	82
c. Non-residential (occupied)	281	281
d. Non-residential (unoccupied, ie. vacant lot)	8	8
26. Number of ETs for which developer charges were received	12 ET	19 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 72,438	\$ 72,075

Bellingen Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2010

\$'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*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text" value="-"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2009/10 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing 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.

Bellingen Shire Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	2,008	-	2,008
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,467	-	4,467
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and charges	177	-	177
c. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	24,540	24,540
b. Plant and equipment	-	225	225
35. Other assets	-	-	-
36. Total Assets	6,652	24,765	31,417
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	37	-	37
39. Borrowings			
a. Loans	11	-	11
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	48	-	48
42. NET ASSETS COMMITTED	6,604	24,765	31,369
EQUITY			
42. Accumulated surplus			8,325
44. Asset revaluation reserve			23,044
45. TOTAL EQUITY			31,369
Note to system assets:			
46. Current replacement cost of system assets			42,495
47. Accumulated current cost depreciation of system assets			(17,955)
48. Written down current cost of system assets			24,540

Bellingen Shire Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2010

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.

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) include 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.

Bellingen Shire Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2010

\$'000	Actual ⁽¹⁾ 09/10	Forecast 10/11	Forecast 11/12	Forecast ⁽³⁾ 12/13	Forecast ⁽³⁾ 13/14
(i) RECURRENT BUDGET					
Income from continuing operations	28,054	19,754	20,727		
Expenses from continuing operations	25,849	16,956	17,254		
Operating Result from Continuing Operations	<u>2,205</u>	<u>2,798</u>	<u>3,473</u>	<u>-</u>	<u>-</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	1,003	2,521	501		
Replacement/Refurbishment of Existing Assets	4,481	6,674	2,680		
Total Capital Budget	<u>5,484</u>	<u>9,195</u>	<u>3,181</u>	<u>-</u>	<u>-</u>
Funded by:					
– Loans	326	2,583	-		
– Asset sales	-	150	-		
– Reserves	2,918	3,575	787		
– Grants/Contributions	1,521	1,932	1,063		
– Recurrent revenue	719	955	1,331		
– Other	-	-	-		
	<u>5,484</u>	<u>9,195</u>	<u>3,181</u>	<u>-</u>	<u>-</u>

Notes:

(1) From 09/10 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.