

Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 28 October 2015. Council has the power to amend and reissue these financial statements.

Cabonne Council

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

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

More information

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

Cabonne Council

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

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 22 September 2015.



Ian Gosper
MAYOR



Lachlan MacSmith
COUNCILLOR



Andrew Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement

for the financial year ended 30 June 2015

Budget 2015	¹ \$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
12,338	Rates & Annual Charges	3a	12,269	11,989
7,532	User Charges & Fees	3b	9,771	10,124
1,370	Interest & Investment Revenue	3c	1,414	1,660
355	Other Revenues	3d	542	540
9,393	Grants & Contributions provided for Operating Purposes	3e,f	10,371	8,325 ²
2,594	Grants & Contributions provided for Capital Purposes	3e,f	3,619	6,473
Other Income:				
-	Net gains from the disposal of assets	5	-	461
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	227	590
33,582	Total Income from Continuing Operations		38,213	40,162
Expenses from Continuing Operations				
12,336	Employee Benefits & On-Costs	4a	11,959	11,804
170	Borrowing Costs	4b	243	248
6,066	Materials & Contracts	4c	5,778	4,739
9,240	Depreciation & Amortisation	4d	9,936	9,381
-	Impairment	4d	-	-
5,544	Other Expenses	4e	5,989	6,113
(200)	Net Losses from the Disposal of Assets	5	317	-
33,156	Total Expenses from Continuing Operations		34,222	32,285
426	Operating Result from Continuing Operations		3,991	7,877
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
426	Net Operating Result for the Year		3,991	7,877
426	Net Operating Result attributable to Council		3,991	7,877
-	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(2,168)			372	1,404

¹ Original Budget as approved by Council - refer Note 16

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

Cabonne Council

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

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		3,991	7,877
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	39,030	14,301
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(48)
Total Items which will not be reclassified subsequently to the Operating Result		39,030	14,253
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		39,030	14,253
Total Comprehensive Income for the Year		43,021	22,130
Total Comprehensive Income attributable to Council		43,021	22,130
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Cabonne Council

Statement of Financial Position as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	20,594	9,969
Investments	6b	20,500	29,600
Receivables	7	3,759	4,317
Inventories	8	1,030	1,258
Other	8	103	12
Total Current Assets		45,986	45,156
Non-Current Assets			
Investments	6b	-	-
Receivables	7	561	694
Inventories	8	371	410
Infrastructure, Property, Plant & Equipment	9	507,827	466,040
Investments accounted for using the equity method	19	19,862	19,635
Intangible Assets	25	238	203
Other	8	282	282
Total Non-Current Assets		529,141	487,264
TOTAL ASSETS		575,127	532,420
LIABILITIES			
Current Liabilities			
Payables	10	2,535	2,951
Borrowings	10	192	180
Provisions	10	3,601	3,405
Total Current Liabilities		6,328	6,536
Non-Current Liabilities			
Payables	10	38	26
Borrowings	10	2,521	2,712
Provisions	10	1,602	1,529
Total Non-Current Liabilities		4,161	4,267
TOTAL LIABILITIES		10,489	10,803
Net Assets		564,638	521,617
EQUITY			
Retained Earnings	20	317,985	313,796
Revaluation Reserves	20	246,653	207,821
Council Equity Interest		564,638	521,617
Non-controlling Equity Interests		-	-
Total Equity		564,638	521,617

Cabonne Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		294,751	207,821	502,572	-	502,572
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	19,045	-	19,045	-	19,045
Revised Opening Balance (as at 1/7/14)		313,796	207,821	521,617	-	521,617
c. Net Operating Result for the Year		3,991	-	3,991	-	3,991
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	39,030	39,030	-	39,030
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	39,030	39,030	-	39,030
Total Comprehensive Income (c&d)		3,991	39,030	43,021	-	43,021
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		198	(198)	-	-	-
Equity - Balance at end of the reporting period		317,985	246,653	564,638	-	564,638

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		286,874	193,568	480,442	-	480,442
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	19,045	-	19,045	-	19,045
Revised Opening Balance (as at 1/7/13)		305,919	193,568	499,487	-	499,487
c. Net Operating Result for the Year		7,877	-	7,877	-	7,877
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	14,301	14,301	-	14,301
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(48)	(48)	-	(48)
Other Comprehensive Income		-	14,253	14,253	-	14,253
Total Comprehensive Income (c&d)		7,877	14,253	22,130	-	22,130
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		313,796	207,821	521,617	-	521,617

Cabonne Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015 \$ '000		Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
12,338	Rates & Annual Charges		12,444	13,137
7,532	User Charges & Fees		9,741	9,975
1,370	Investment & Interest Revenue Received		1,626	1,414
11,986	Grants & Contributions		14,941	15,457
-	Bonds, Deposits & Retention amounts received		132	273
355	Other		1,956	1,429
Payments:				
(12,336)	Employee Benefits & On-Costs		(12,035)	(12,084)
(6,065)	Materials & Contracts		(5,836)	(5,128)
(171)	Borrowing Costs		(171)	(182)
-	Bonds, Deposits & Retention amounts refunded		(196)	-
(5,543)	Other		(8,312)	(7,898)
9,466	Net Cash provided (or used in) Operating Activities	11b	14,290	16,393
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		29,500	18,569
-	Sale of Real Estate Assets		105	38
600	Sale of Infrastructure, Property, Plant & Equipment		1,384	784
-	Deferred Debtors Receipts		212	210
Payments:				
-	Purchase of Investment Securities		(20,500)	(29,500)
(8,309)	Purchase of Infrastructure, Property, Plant & Equipment		(14,187)	(17,492)
(1,730)	Purchase of Real Estate Assets		-	(243)
(9,439)	Net Cash provided (or used in) Investing Activities		(3,486)	(27,634)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(171)	Repayment of Borrowings & Advances		(179)	(170)
(171)	Net Cash Flow provided (used in) Financing Activities		(179)	(170)
(144)	Net Increase/(Decrease) in Cash & Cash Equivalents		10,625	(11,411)
37,929	plus: Cash & Cash Equivalents - beginning of year	11a	9,969	21,380
37,785	Cash & Cash Equivalents - end of the year	11a	20,594	9,969
Additional Information:				
	plus: Investments on hand - end of year	6b	20,500	29,600
	Total Cash, Cash Equivalents & Investments		41,094	39,569

Please refer to Note 11 for additional cash flow information

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

(iv) Early adoption of Accounting Standards

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

(v) Basis of Accounting

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying Council's accounting policies

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

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

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

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

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

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

(i) The Consolidated Fund

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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*
- *Cabonne Water Fund*
(Molong, Cumnock & Yeoval)
- *Cabonne Sewer Fund*
(Molong, Canowindra & Eugowra)
- *Small Town Sewer Fund*
(Cudal, Manildra, Cumnock & Yeoval)

(ii) The Trust Fund

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

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

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

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

(iii) Joint Arrangements

Joint Ventures

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

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

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in

retained earnings & reserves are recognised in the balance sheet.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (b).

(iv) Associates

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

Such entities are usually termed Associates.

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

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

(v) County Councils

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

▪ Central Tablelands County Council

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

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

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

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

and which are subject to an insignificant risk of changes in value, and

- bank overdrafts.

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

Cabonne Council

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

Note 1. Summary of Significant Accounting Policies

(ii) Subsequent Measurement

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

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

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

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

When securities classified as **"available-for-sale"** are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

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

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

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable

interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

Cabonne Council

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

Note 1. Summary of Significant Accounting Policies

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

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

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

Acquisition of assets

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

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

- **Water and Sewerage Networks** (External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (A combination of External Valuation and Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements** (a combination of External valuations and approximated by depreciated historical cost)
- **Other Structures** (a combination of External valuations and approximated by depreciated historical cost)
- **Other Assets** (as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

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

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

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

Capitalisation Thresholds

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

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
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Building

- construction/extensions	100% Capitalised
- renovations	> \$1,000
Other Structures	> \$1,000

Water & Sewer Assets

Reticulation extensions	> \$1,000
Other	> \$1,000

Stormwater Assets

Drains & Culverts	> \$1,000
Other	> \$1,000

Transport Assets

Road construction & reconstruction	> \$1,000
Reseal/Re-sheet & major repairs:	> \$1,000
Bridge construction & reconstruction	> \$1,000

Other Infrastructure Assets

Swimming Pools	> \$1,000
Other Open Space/Recreational Assets	> \$1,000
Other Infrastructure	> \$1,000

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	10 years
- Office furniture	10 years
- Computer Equipment	5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	7 to 10 years
- Other plant and equipment	5 to 7 years

Other Equipment

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

Buildings

- Buildings : Masonry	100 years
- Buildings : Other	33 to 50 years

Stormwater Drainage

- Drains	60 years
- Culverts	60 years

Transportation Assets

- Sealed Roads : Surface	30 years
- Sealed Roads : Structure	75 years
- Unsealed roads	40 years
- Bridge :	150 years
- Kerb, Gutter & paths	100 years

Water & Sewer Assets

- Dams and reservoirs	100 years
- Bores	30 years
- Reticulation pipes : PVC	40 to 80 years

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	10 to 70 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	50 years
- Other Open Space/ Recreational Assets	10-60 years

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

IT Development and Software

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

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

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

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

(n) Crown Reserves

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

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

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

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

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

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development

or during the operation phase, based on the net present value of estimated future costs.

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the income statement.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(s) Impairment of assets

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

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

- it is more likely than not that an outflow of resources will be required to settle the obligation; and

- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson, (BSc, FIA, FIAA) on 13/02/13 and covers the period ended 30/06/15.

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 368,155

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

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

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

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

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

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

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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

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

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

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

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

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

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

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

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

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

AASB 124 - Related Party Disclosures

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

AASB 2014 - 3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

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

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e.

assets and liabilities acquired to be measured at fair value.

Not applicable to Local Government per se;

None

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	159	194	130	1,290	955	583	(1,131)	(761)	(453)	-	3,981	37,455	38,065
Administration	337	479	856	3,624	2,673	4,551	(3,287)	(2,194)	(3,695)	-	6	17,196	17,623
Public Order & Safety	13	223	283	718	795	722	(705)	(572)	(439)	-	-	3,993	4,176
Health	90	110	97	487	581	458	(397)	(471)	(361)	-	-	3,695	3,102
Environment	3,775	3,050	3,246	3,209	4,669	3,117	566	(1,619)	129	1,414	1,245	54,937	2,213
Community Services & Education	1,627	1,637	1,669	1,838	2,069	1,941	(211)	(432)	(272)	729	-	4,220	3,615
Housing & Community Amenities	381	433	318	654	688	698	(273)	(255)	(380)	40	697	2,296	3,817
Water Supplies	983	995	1,036	1,078	1,092	1,122	(95)	(97)	(86)	12	-	28,987	28,768
Sewerage Services	2,367	3,106	4,974	1,621	2,133	1,852	746	973	3,122	1,494	-	45,082	43,684
Recreation & Culture	95	643	103	2,304	2,888	2,092	(2,209)	(2,245)	(1,989)	570	63	28,565	28,249
Mining, Manufacturing & Construction	1,579	1,746	2,044	1,368	1,855	1,651	211	(109)	393	-	-	2,345	2,451
Transport & Communication	6,796	10,011	11,464	13,861	12,436	12,588	(7,065)	(2,425)	(1,124)	984	1,251	323,952	333,136
Economic Affairs	441	432	522	980	1,388	910	(539)	(956)	(388)	-	-	2,542	3,886
Total Functions & Activities	18,643	23,059	26,742	33,032	34,222	32,285	(14,389)	(11,163)	(5,543)	5,243	7,243	555,265	512,785
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	227	590	-	-	-	-	227	590	-	-	19,862	19,635
General Purpose Income ¹	14,939	14,927	12,830	124	-	-	14,815	14,927	12,830	4,584	2,314	-	-
Operating Result from Continuing Operations	33,582	38,213	40,162	33,156	34,222	32,285	426	3,991	7,877	9,827	9,557	575,127	532,420

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Cabonne Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		2,645	2,489
Farmland		4,680	4,573
Mining		1,669	1,843
Business		218	211
Total Ordinary Rates		9,212	9,116
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		1,007	929
Water Supply Services		362	312
Sewerage Services		1,392	1,325
Waste Management Services (non-domestic)		215	209
Section 611 Charges		7	24
Stormwater Levy		74	74
Total Annual Charges		3,057	2,873
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>12,269</u>	<u>11,989</u>

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

Cabonne Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		507	550
Sewerage Services		50	43
Total User Charges		557	593
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Discretionary Fees - Other		328	338
Planning & Building Regulation		261	289
Private Works - Section 67		319	376
Section 603 Certificates		22	22
Waste Management		105	108
Total Fees & Charges - Statutory/Regulatory		1,035	1,133
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Caravan Park		124	116
Cemeteries		75	75
Child Care		521	503
Lease Rentals		99	110
Quarry Revenues		1,639	1,848
RMS (formerly RTA) Charges (State Roads not controlled by Council)		5,705	5,737
Trade Waste		7	8
Other		9	1
Total Fees & Charges - Other		8,179	8,398
TOTAL USER CHARGES & FEES		9,771	10,124

Cabonne Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		84	89
- Interest earned on Investments (interest & coupon payment income)		1,375	1,452
- Interest & Dividend Income (Other)		55	42
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		(100)	77
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,414</u>	<u>1,660</u>

Interest Revenue is attributable to:

Unrestricted Investments/Financial Assets:

Overdue Rates & Annual Charges (General Fund)	54	60
General Council Cash & Investments	1,077	1,340

Restricted Investments/Funds - External:

Development Contributions		
- Section 94	13	16
Water Fund Operations	95	113
Sewerage Fund Operations	80	64
Domestic Waste Management operations	62	34
Other Externally Restricted Assets	33	33

Total Interest & Investment Revenue Recognised	1,414	1,660
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(d) Other Revenues

Legal Fees Recovery - Rates & Charges (Extra Charges)	11	13
Commissions & Agency Fees	151	139
Diesel Rebate	127	96
Gravel Pit Restoration	77	23
Insurance Claim Recoveries	51	46
Rebates Received	112	67
Recycling Income (non domestic)	-	113
Other	13	43
<u>TOTAL OTHER REVENUE</u>	<u>542</u>	<u>540</u>

Cabonne Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,500	1,240	-	-
Financial Assistance - Local Roads Component	1,985	976	-	-
Pensioners' Rates Subsidies - General Component	99	98	-	-
Total General Purpose	4,584	2,314	-	-

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

Specific Purpose

Pensioners' Rates Subsidies:

- Water	12	13	-	-
- Sewerage	26	26	-	-
- Domestic Waste Management	40	40	-	-
Sewerage Services	-	-	1,374	3,329
Administration	-	4	-	-
Community Services	729	711	-	-
Economic Affairs	-	6	-	-
Environment	1,067	1,529	308	56
Housing & Community Amenities	40	35	-	-
LIRS Subsidy	94	97	-	-
Recreation & Culture	67	71	503	-
Street Lighting	38	38	-	-
Transport & Communication	-	89	9	234
Transport & Communication - Roads to Recovery	936	965	-	-
Total Specific Purpose	3,049	3,624	2,194	3,619
Total Grants	7,633	5,938	2,194	3,619

Grant Revenue is attributable to:

- Commonwealth Funding	1,348	3,519	-	-
- State Funding	6,285	2,419	2,194	3,619
	7,633	5,938	2,194	3,619

Cabonne Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	70	52	-	-
Total Developer Contributions	70	52	-	-
Other Contributions:				
Administration	5	9	-	-
Community Services	139	131	-	75
Economic Affairs	4	8	-	-
Environment	57	55	-	-
Governance	178	112	-	-
Health	72	66	-	-
Housing & Community Amenities	3	4	30	-
Public Order & Safety	-	-	203	256
Recreation & Culture	11	11	38	-
RMS Contributions (Regional Roads, Block Grant)	1,492	1,465	700	-
Sewerage (excl. Section 64 contributions)	-	-	64	73
Transport & Communication	707	474	380	2,415
Water Supplies (excl. Section 64 contributions)	-	-	10	35
Total Other Contributions	2,668	2,335	1,425	2,854
Total Contributions	2,738	2,387	1,425	2,854
TOTAL GRANTS & CONTRIBUTIONS	10,371	8,325	3,619	6,473

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

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

Unexpended at the Close of the Previous Reporting Period	3,179	5,069
add: Grants & contributions recognised in the current period but not yet spent:	1,518	1,104
less: Grants & contributions recognised in a previous reporting period now spent:	(2,267)	(2,994)
Net Increase (Decrease) in Restricted Assets during the Period	(749)	(1,890)
Unexpended and held as Restricted Assets	2,430	3,179

Comprising:

- Specific Purpose Unexpended Grants	793	1,216
- Developer Contributions	712	720
- Other Contributions	925	1,243
	2,430	3,179

Cabonne Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		9,242	8,807
Travelling		425	482
Employee Leave Entitlements (ELE)		1,626	1,088
Superannuation		1,220	1,127
Workers' Compensation Insurance		164	726
Fringe Benefit Tax (FBT)		79	86
Pre Employment Medicals		9	-
Protective Clothing		52	52
Training Costs (other than Salaries & Wages)		187	188
Other		60	99
Total Employee Costs		13,064	12,655
less: Capitalised Costs		(1,105)	(851)
TOTAL EMPLOYEE COSTS EXPENSED		11,959	11,804
Number of "Equivalent Full Time" Employees at year end		166	170
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		170	180
Interest on Advances		-	1
Total Interest Bearing Liability Costs Expensed		170	181
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	73	67
Total Other Borrowing Costs		73	67
TOTAL BORROWING COSTS EXPENSED		243	248

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		2,964	3,188
Contractor & Consultancy Costs			
- Consultancy Costs		208	105
- Caretaker Fees		70	67
- Cleaning		92	96
- Internal Auditor		3	3
- Licence Agreements		285	194
- Service Contracts		2,007	927
- Valuation Fees		64	81
Auditors Remuneration ⁽¹⁾		34	37
Legal Expenses:			
- Legal Expenses: Planning & Development		4	10
- Legal Expenses: Other		45	26
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment ⁽²⁾		2	5
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>5,778</u>	<u>4,739</u>

1. Auditor Remuneration

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

Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor

Remuneration for audit and other assurance services

Total Auditor Remuneration

34	37
34	37
34	37

2. Operating Lease Payments are attributable to:

Computers

Other

2	4
-	1
2	5

Cabonne Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	2,204	2,398
Office Equipment		-	-	203	241
Furniture & Fittings		-	-	39	40
Land Improvements (depreciable)		-	-	139	130
Buildings - Non Specialised		-	-	95	42
Buildings - Specialised		-	-	1,376	660
Other Structures		-	-	256	249
Infrastructure:					
- Roads		-	-	3,994	3,992
- Bridges		-	-	367	367
- Footpaths		-	-	58	56
- Stormwater Drainage		-	-	95	95
- Water Supply Network		-	-	421	404
- Sewerage Network		-	-	544	549
- Swimming Pools		-	-	56	55
Asset Reinstatement Costs	9 & 26	-	-	14	52
Intangible Assets	25	-	-	75	51
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		-	-	9,936	9,381

Cabonne Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		70	88
Bad & Doubtful Debts		15	15
Commissions Paid		15	125
Contributions/Levies to Other Levels of Government		1,406	1,390
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		201	270
Councillor Expenses - Mayoral Fee		24	24
Councillor Expenses - Councillors' Fees		132	119
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		49	50
Donations, Contributions & Assistance to other organisations (Section 356)		19	17
- Donations, Contributions & Assistance to Community Groups		204	215
Electricity & Heating		677	708
External Hire		882	1,054
Insurance		649	580
Pensioner Rates Write Off		147	143
Postage		30	35
Printing & Stationery		113	132
Rates Expense		352	243
Registrations		124	142
Rent Expense		15	18
Service Subsidy Expense		22	17
Street Lighting		128	126
Subscriptions & Publications		45	55
Telephone & Communications		90	149
Volunteer Expenses		28	33
Water / Sewer Sampling		35	42
Other		517	323
<u>TOTAL OTHER EXPENSES</u>		<u>5,989</u>	<u>6,113</u>

Cabonne Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		725	-
less: Carrying Amount of Property Assets Sold / Written Off		(1,026)	-
Net Gain/(Loss) on Disposal		(301)	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		659	784
less: Carrying Amount of P&E Assets Sold / Written Off		(636)	(358)
Net Gain/(Loss) on Disposal		23	426
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		105	38
less: Carrying Amount of Real Estate Assets Sold / Written Off		(144)	(3)
Net Gain/(Loss) on Disposal		(39)	35
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		29,500	18,569
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(29,500)	(18,569)
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(317)</u>	<u>461</u>

Cabonne Council

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

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

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		830	-	563	-
Cash-Equivalent Assets ¹					
- Deposits at Call		2,264	-	4,906	-
- Short Term Deposits		17,500	-	4,500	-
Total Cash & Cash Equivalents		20,594	-	9,969	-
Investments (Note 6b)					
- Long Term Deposits		20,500	-	29,500	-
- CDO's		-	-	100	-
Total Investments		20,500	-	29,600	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		41,094	-	39,569	-

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"	20,594	-	9,969	-
----------------------------------------------	---------------	----------	--------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	-	100	-
b. "Held to Maturity"	6(b-ii)	-	-	-	-
c. "Loans & Receivables"	6(b-iii)	20,500	-	29,500	-
Investments		20,500	-	29,600	-

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

Cabonne Council

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

Note 6b. Investments (continued)

	2015	2015	2014	2014
	Actual	Actual	Actual	Actual
\$ '000	Current	Non Current	Current	Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	100	-	92	-
Revaluations (through the Income Statement)	(100)	-	77	-
Disposals (sales & redemptions)	-	-	(69)	-
Balance at End of Year	-	-	100	-
Comprising:				
- CDO's	-	-	100	-
Total	-	-	100	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Comprising:				
- Long Term Deposits	20,500	-	-	-
- Other Long Term Financial Assets	(20,500)	-	-	-
Total	-	-	-	-
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Balance at the Beginning of the Year	29,500	-	18,500	-
Additions	20,500	-	29,500	-
Disposals (sales & redemptions)	(29,500)	-	(18,500)	-
Balance at End of Year	20,500	-	29,500	-
Comprising:				
- Long Term Deposits	20,500	-	29,500	-
Total	20,500	-	29,500	-

Cabonne Council

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

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	41,094	-	39,569	-
attributable to:				
External Restrictions (refer below)	8,339	-	9,368	-
Internal Restrictions (refer below)	29,191	-	25,735	-
Unrestricted	3,564	-	4,466	-
	41,094	-	39,569	-

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

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	720	83	(91)	712
RMS (formerly RTA) Contributions (E)	1,243	809	(1,127)	925
Specific Purpose Unexpended Grants (F)	1,205	625	(1,048)	782
Specific Purpose Unexpended Grants-Sewer Fund (F)	11	-	-	11
Water Supplies (G)	3,093	400	(500)	2,993
Sewerage Services (G)	2,251	422	(501)	2,172
Domestic Waste Management (G)	845	-	(101)	744
External Restrictions - Other	9,368	2,339	(3,368)	8,339
Total External Restrictions	9,368	2,339	(3,368)	8,339

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	2,998	7,101	(4,471)	5,628
Infrastructure Replacement	1,478	207	-	1,685
Employees Leave Entitlement	1,963	99	-	2,062
Cadia Contributions	1,519	146	(17)	1,648
Capital Works	9,197	3,229	(2,933)	9,493
Community Services	5	-	-	5
Environment	480	-	(354)	126
Housing	157	-	-	157
Land Development	255	578	(6)	827
Limestone Quarry	1,617	7	(80)	1,544
Office Equipment	1,749	54	(404)	1,399
Recreation & Culture	183	156	(3)	336
Roadworks	2,477	1,054	(1,438)	2,093
Sewerage	15	2	-	17
Waste Management	1,428	889	(680)	1,637
Other	214	451	(131)	534
Total Internal Restrictions	25,735	13,973	(10,517)	29,191
TOTAL RESTRICTIONS	35,103	16,312	(13,885)	37,530

Cabonne Council

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

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		477	50	536	166
Interest & Extra Charges		47	91	36	103
User Charges & Fees		1,340	310	1,351	92
Accrued Revenues					
- Interest on Investments		227	-	338	-
- Other Income Accruals		350	-	1,346	-
Amounts due from Other Councils		-	-	80	-
Deferred Debtors		23	298	12	521
Government Grants & Subsidies		133	-	347	-
Loans to Non Profit Organisations		258	-	100	-
NSW Rural Fire Service		-	-	281	-
Quarry Debtors		190	-	-	-
Council Private Works		550	-	-	-
Other Debtors		322	-	260	-
Total		3,917	749	4,687	882
less: Provision for Impairment					
Rates & Annual Charges		-	(172)	-	(172)
User Charges & Fees		(158)	(16)	(370)	(16)
Total Provision for Impairment - Receivables		(158)	(188)	(370)	(188)
<u>TOTAL NET RECEIVABLES</u>		<u>3,759</u>	<u>561</u>	<u>4,317</u>	<u>694</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		13	7	13	-
- Other		561	20	585	-
Sewerage Services					
- Specific Purpose Grants		-	-	341	-
- Rates & Availability Charges		26	111	25	-
- Other		1,170	7	978	-
Total External Restrictions		1,770	145	1,942	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,989	416	2,375	694
TOTAL NET RECEIVABLES		3,759	561	4,317	694

Notes on Debtors above:

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

Cabonne Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		680	371	785	410
Stores & Materials		350	-	473	-
Total Inventories		1,030	371	1,258	410
Other Assets					
Prepayments		103	-	12	-
Shares in Unlisted Companies - StateCover		-	282	-	282
Total Other Assets		103	282	12	282
TOTAL INVENTORIES / OTHER ASSETS		1,133	653	1,270	692

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures

(a) Details for Real Estate Development

Residential	639	156	-	-
Industrial/Commercial	41	215	702	195
Other Properties	-	-	83	215
Total Real Estate for Resale	680	371	785	410

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

Represented by:

Acquisition Costs	343	172	-	-
Development Costs	337	199	355	366
Borrowing Costs	-	-	430	44
Total Costs	680	371	785	410
Total Real Estate for Resale	680	371	785	410

Movements:

Real Estate assets at beginning of the year	785	410	915	162
- Purchases and other costs	-	-	19	-
- Transfers in from (out to) Note 9	-	-	122	-
- WDV of Sales (exp)	(144)	-	(3)	-
- Transfer between Current/Non Current	39	(39)	(248)	248
- Other	-	-	(20)	-
Total Real Estate for Resale	680	371	785	410

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

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

	2015	2014
Real Estate for Resale	900	900
	900	900

(c) Inventory Write Downs

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period					as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment									Dep'n	Impairment	
Capital Work in Progress	7,372	-	-	-	7,372	979	-	-	-	-	8,351	-	-	-	8,351
Plant & Equipment	-	39,241	24,629	-	14,612	2,230	(635)	(2,204)	-	-	-	39,555	25,552	-	14,003
Office Equipment	-	2,269	1,711	-	558	89	-	(203)	-	-	-	2,352	1,908	-	444
Furniture & Fittings	-	840	587	-	253	4	-	(39)	-	-	-	844	626	-	218
Land:															
- Operational Land	-	7,273	-	-	7,273	236	(267)	-	-	-	-	7,242	-	-	7,242
- Community Land	-	10,451	-	-	10,451	-	-	-	-	-	-	10,451	-	-	10,451
Land Improvements - non depreciable	-	1,071	-	-	1,071	-	-	-	-	-	-	1,071	-	-	1,071
Land Improvements - depreciable	-	4,490	2,257	-	2,233	406	(23)	(139)	-	-	-	4,869	2,392	-	2,477
Buildings - Non Specialised	-	4,282	2,455	-	1,827	-	(65)	(95)	-	-	-	4,067	2,400	-	1,667
Buildings - Specialised	-	57,488	28,504	-	28,984	598	(672)	(1,376)	-	-	-	57,380	29,846	-	27,534
Other Structures	-	8,902	3,963	-	4,939	199	-	(256)	-	-	-	9,102	4,220	-	4,882
Infrastructure:															
- Roads	-	204,713	88,407	-	116,306	6,971	-	(3,994)	-	6,578	-	176,402	50,541	-	125,861
- Bridges	-	54,411	13,282	-	41,129	1,152	-	(367)	-	3,146	-	55,798	10,738	-	45,060
- Footpaths	-	5,112	1,308	-	3,804	237	-	(58)	-	95	-	5,850	1,772	-	4,078
- Bulk Earthworks (non-depreciable)	-	166,435	-	-	166,435	253	-	-	(18,278)	-	-	148,410	-	-	148,410
- Stormwater Drainage	-	7,289	2,388	-	4,901	-	-	(95)	-	46,721	-	62,668	11,141	-	51,527
- Water Supply Network	-	43,429	20,354	-	23,075	434	-	(421)	-	346	-	44,521	21,087	-	23,434
- Sewerage Network	-	37,744	9,554	-	28,190	474	-	(544)	-	422	-	38,790	10,248	-	28,542
- Swimming Pools	-	4,192	1,733	-	2,459	18	-	(56)	-	-	-	4,210	1,789	-	2,421
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):															
- Tip Assets	-	288	279	-	9	-	-	(1)	-	-	-	288	280	-	8
- Quarry Assets	-	657	498	-	159	-	-	(13)	-	-	-	657	511	-	146
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	7,372	660,577	201,909	-	466,040	14,280	(1,662)	(9,861)	(18,278)	57,308	8,351	674,527	175,051	-	507,827

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$8,736k) and New Assets (\$1,647).

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015				Actual 2014			
	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	-	3,261	2,441	820	-	3,248	2,382	866
Land								
- Operational Land	-	767	-	767	-	767	-	767
- Community Land	-	269	-	269	-	268	-	268
- Improvements - depreciable	-	28	6	22	-	28	5	23
Buildings	-	126	22	104	-	117	19	98
Other Structures	-	239	72	167	-	239	66	173
Infrastructure	-	44,034	20,791	23,243	-	42,950	20,068	22,882
Total Water Supply	-	48,724	23,332	25,392	-	47,617	22,540	25,077
Sewerage Services								
WIP	-	8,350	-	8,350	-	7,372	-	7,372
Plant & Equipment	-	6,016	4,067	1,949	-	5,991	3,936	2,055
Land								
- Operational Land	-	755	-	755	-	755	-	755
- Community Land	-	67	-	67	-	67	-	67
- Improvements non-depreciable	-	999	-	999	-	999	-	999
- Improvements - depreciable	-	977	734	243	-	977	685	292
Buildings	-	463	138	325	-	463	128	335
Other Structures	-	15	3	12	-	15	2	13
Infrastructure	-	38,792	10,248	28,544	-	37,744	9,554	28,190
Total Sewerage Services	-	56,434	15,190	41,244	-	54,383	14,305	40,078
Domestic Waste Management								
Plant & Equipment	-	183	139	44	-	183	124	59
Office Equipment	-	52	20	32	-	52	10	42
Land								
- Operational Land	-	203	-	203	-	203	-	203
- Community Land	-	435	-	435	-	435	-	435
- Improvements - depreciable	-	397	83	314	-	322	69	253
Other Structures	-	484	202	282	-	484	181	303
Total DWM	-	1,754	444	1,310	-	1,679	384	1,295
TOTAL RESTRICTED I,PP&E	-	106,912	38,966	67,946	-	103,679	37,229	66,450

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

\$ '000	Notes	Actual 2015	Actual 2014
Impairment Losses recognised direct to Equity (ARR):			
Moorbel Rural Fire Shed destroyed by fire.		-	(48)
Total Impairment Losses		-	(48)
IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)	20 (ii)	-	(48)

Cabonne Council

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

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,586	-	1,317	-
Payments Received In Advance		243	-	202	-
Accrued Expenses:					
- Borrowings		6	-	7	-
- Salaries & Wages		24	-	261	-
- Other Expenditure Accruals		126	-	443	-
Security Bonds, Deposits & Retentions		501	38	577	26
ATO - Net GST Payable		-	-	95	-
Other		49	-	49	-
Total Payables		2,535	38	2,951	26
Borrowings					
Loans - Secured ¹		189	2,518	177	2,707
Government Advances		3	3	3	5
Total Borrowings		192	2,521	180	2,712
Provisions					
Employee Benefits:					
Annual Leave		1,029	-	994	-
Long Service Leave		2,523	-	2,362	-
Sub Total - Aggregate Employee Benefits		3,552	-	3,356	-
Asset Remediation/Restoration (Future Works) ²⁶		-	1,602	-	1,529
Other		49	-	49	-
Total Provisions		3,601	1,602	3,405	1,529
Total Payables, Borrowings & Provisions		6,328	4,161	6,536	4,267
(i) Liabilities relating to Restricted Assets					
		2015		2014	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		57	-	84	-
Sewer		273	2,518	422	2,707
Liabilities relating to externally restricted assets		330	2,518	506	2,707
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		330	2,518	506	2,707
Total Liabilities relating to Unrestricted Assets		5,998	1,643	6,030	1,560
TOTAL PAYABLES, BORROWINGS & PROVISIONS		6,328	4,161	6,536	4,267

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.

Cabonne Council

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

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

	Actual 2015	Actual 2014
\$ '000		

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

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

Provisions - Employees Benefits	2,523	2,362
	2,523	2,362

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	994	583	(752)	204	-	1,029
Long Service Leave	2,362	206	(257)	212	-	2,523
Asset Remediation	1,529	73	-	-	-	1,602
Other	49	-	-	-	-	49
TOTAL	4,934	862	(1,009)	416	-	5,203

- 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.
- 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.

Cabonne Council

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

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	20,594	9,969
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		20,594	9,969
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		3,991	7,877
Adjust for non cash items:			
Depreciation & Amortisation		9,936	9,381
Net Losses/(Gains) on Disposal of Assets		317	(461)
Non Cash Capital Grants and Contributions		(203)	(256)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		100	(77)
Unwinding of Discount Rates on Reinstatement Provisions		73	67
Share of Net (Profits) or Losses of Associates/Joint Ventures		(227)	(590)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		691	82
Increase/(Decrease) in Provision for Doubtful Debts		(212)	(12)
Decrease/(Increase) in Inventories		123	(136)
Decrease/(Increase) in Other Assets		(91)	2
Increase/(Decrease) in Payables		269	220
Increase/(Decrease) in accrued Interest Payable		(1)	(1)
Increase/(Decrease) in other accrued Expenses Payable		(554)	161
Increase/(Decrease) in Other Liabilities		(118)	327
Increase/(Decrease) in Employee Leave Entitlements		196	(240)
Increase/(Decrease) in Other Provisions		-	49
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		14,290	16,393

Cabonne Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		203	256
Total Non-Cash Investing & Financing Activities		203	256
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		450	450
Credit Cards / Purchase Cards		55	25
Total Financing Arrangements		505	475
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		6	4
Total Financing Arrangements Utilised		6	4

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.

Cabonne Council

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		-	10
Plant & Equipment		69	570
Sewer		77	17
Water		294	303
Roads Bridges & Footpaths		-	166
Land Improvemnts		-	45
Other Structures		99	-
Other		16	-
Total Commitments		555	1,111
These expenditures are payable as follows:			
Within the next year		555	1,111
Total Payable		555	1,111
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		12	100
Unexpended Grants		166	-
Externally Restricted Reserves		-	320
Internally Restricted Reserves		377	691
Total Sources of Funding		555	1,111

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	562	1.63%	0.85%	6.54%
Total continuing operating revenue ⁽¹⁾	34,467			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	24,096	63.27%	62.09%	65.50%
Total continuing operating revenue ⁽¹⁾	38,086			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	34,977	10.07x	8.98	10.37
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	3,475			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	10,741	25.45x	23.70	44.71
Principal Repayments (from the Statement of Cash Flows)	422			
+ Borrowing Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	493	3.78%	4.81%	14.50%
Rates, Annual and Extra Charges Collectible	13,033			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents				
+ All Term Deposits	41,094	18.45 mths	18.60	17.78
Payments from cash flow of operating and financing activities	2,227			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

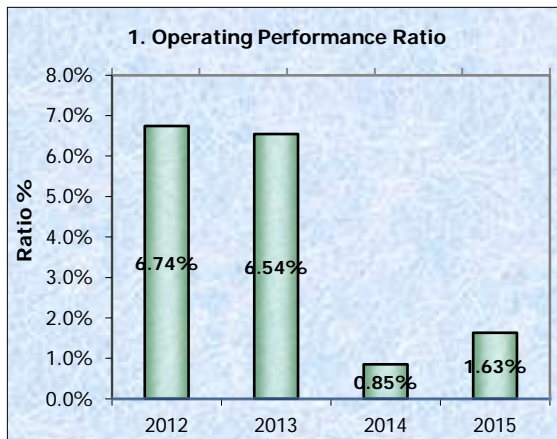
⁽³⁾ Refer to Note 10(a).

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

Cabonne Council

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

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



Benchmark: — Minimum $\geq 0.00\%$

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

Purpose of Operating Performance Ratio

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

Commentary on 2014/15 Result

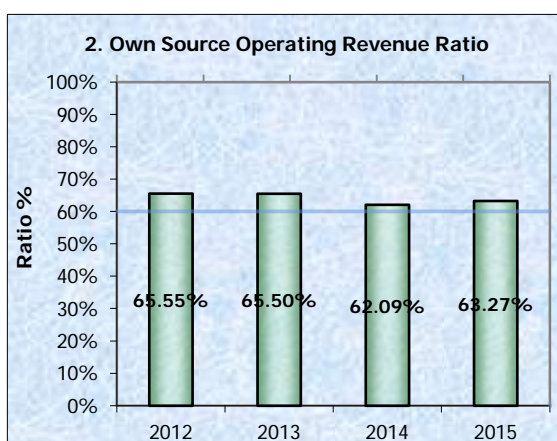
2014/15 Ratio 1.63%

A pleasing result for Council. This positive trend shows that Council is in a strong and robust position. Showing that Council can satisfy all its obligations of Councils activities as they fall due. It should be noted that Cabonne has achieved a positive result in this ratio for more than 10 years in a row.



Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: — Minimum $\geq 60.00\%$

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

Purpose of Own Source Operating Revenue Ratio

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

Commentary on 2014/15 Result

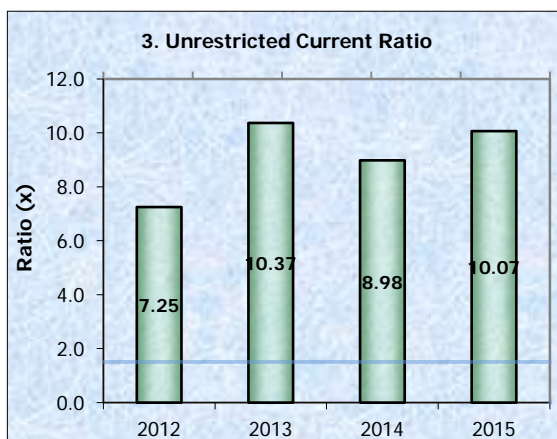
2014/15 Ratio 63.27%

This is another very positive result for Council. This ratio shows that Council is consistently exceeding the industry benchmark. It is important to note that the result proves that Council is not overly reliant on government grants for its continuing operations.



Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: — Minimum ≥ 1.50

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

Purpose of Unrestricted Current Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 10.07x

The strength of this ratio will enable Council to draw down funds in future years to address its infrastructure backlog and meet the benchmark along with all others.



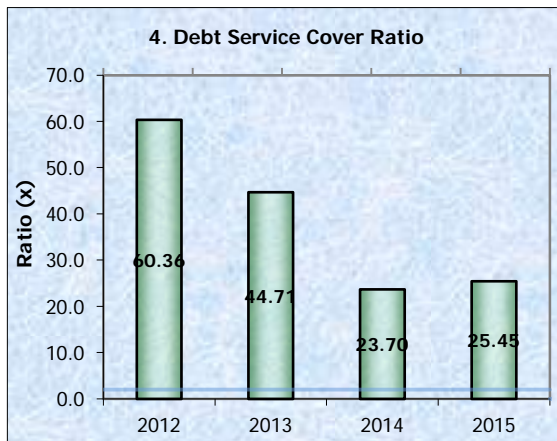
Ratio is within Benchmark

Ratio is outside Benchmark

Cabonne Council

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

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



Benchmark: — Minimum ≥ 2.00

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



Purpose of Debt Service Cover Ratio

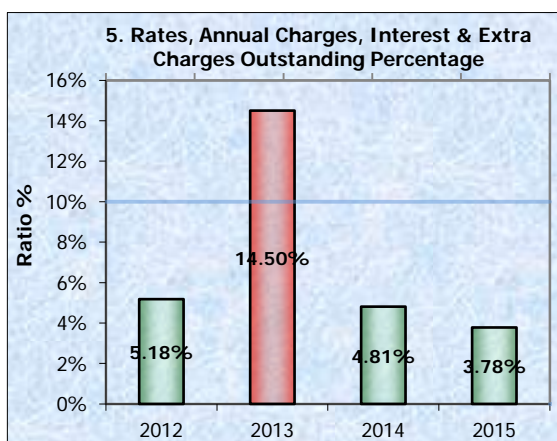
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2014/15 Result

2014/15 Ratio 25.45x

Council's Debt Service Ratio is once again well within the industry benchmark. Council has recently drawn on loan funds for sewerage works and will continue to monitor if any other loan funds can be utilised in other areas in order to commence and complete capital works programs.

 Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: — Maximum $< 10.00\%$

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



Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 3.78%

This ratio shows the outstanding work completed by staff to reduce the outstanding rates and charges ratio. The result shows that Council is well within the industry benchmark.

 Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

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



Purpose of Cash Expense Cover Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 18.45 mths

Council stands at an impressive 19 months of liquidity without the need for additional income. Council will be able to utilise this liquidity to reduce its infrastructure backlog to below the industry benchmark.

 Ratio is within Benchmark
 Ratio is outside Benchmark

Cabonne Council

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

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

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	-9.85%	-27.95%	3.54%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: -7.33%	-19.70%	2.19%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾	97.79%	49.37%	63.53%
<u>(excl. ALL Grants & Contributions)</u>			
Total continuing operating revenue ⁽¹⁾	prior period: 95.27%	29.13%	66.01%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾	62.58x	12.34x	10.07x
<u>Current Liabilities less Specific Purpose Liabilities ^(3, 4)</u>			
	prior period: 43.94	8.52	8.98
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	0.00	1.49x	41.68x
<u>Principal Repayments (from the Statement of Cash Flows)</u>			
+ Borrowing Costs (from the Income Statement)	prior period: 0.00	5.02	27.97
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual and Extra Charges Outstanding</u>	5.52%	9.86%	2.98%
Rates, Annual and Extra Charges Collectible			
	prior period: 4.17%	1.89%	5.14%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents			
<u>+ All Term Deposits</u>	0.00	0.00	16.13
Payments from cash flow of operating and financing activities	prior period: 0.00	0.00	mths 16.08

Notes

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	20,594	9,969	20,594	9,969
Investments				
- "Held for Trading"	-	100	-	100
- "Held to Maturity"	-	-	-	-
- "Loans & Receivables"	20,500	29,500	20,500	29,500
Receivables	4,320	5,011	4,320	5,224
Other Financial Assets	282	282	282	282
Total Financial Assets	45,696	44,862	45,696	45,075
Financial Liabilities				
Payables	2,330	2,775	2,330	2,763
Loans / Advances	2,713	2,892	2,713	2,892
Total Financial Liabilities	5,043	5,667	5,043	5,655

Fair Value is determined as follows:

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

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

Cabonne Council

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	246	246	(246)	(246)
2014				
Possible impact of a 10% movement in Market Values	-	10	-	(10)
Possible impact of a 1% movement in Interest Rates	200	200	(200)	(200)

Cabonne Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required 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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	90%	78%	76%	77%
Overdue	10%	22%	24%	23%
	100%	100%	100%	100%

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables				
Current	Current	476	3,222	536	3,762
< 1 year overdue	0 - 30 days overdue	51	134	166	347
1 - 2 years overdue	30 - 60 days overdue	-	10	-	25
2 - 5 years overdue	60 - 90 days overdue	-	75	-	17
> 5 years overdue	> 90 days overdue	-	698	-	716
		527	4,139	702	4,867

(iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	558	570
+ new provisions recognised during the year	29	3
- amounts already provided for & written off this year	(241)	(15)
Balance at the end of the year	346	558

Cabonne Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	539	1,791	-	-	-	-	-	2,330	2,330
Loans & Advances	-	350	350	337	327	327	1,906	3,597	2,713
Total Financial Liabilities	539	2,141	350	337	327	327	1,906	5,927	5,043
2014									
Trade/Other Payables	603	2,172	-	-	-	-	-	2,775	2,775
Loans & Advances	-	351	350	350	337	327	2,233	3,948	2,892
Total Financial Liabilities	603	2,523	350	350	337	327	2,233	6,723	5,667

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,330	0.0%	2,775	0.0%
Loans & Advances - Fixed Interest Rate	2,713	6.8%	2,892	6.8%
	<u>5,043</u>		<u>5,667</u>	

Cabonne Council

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

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 23 June 2015.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2015 Budget	2015 Actual	2015 Variance* -----		
REVENUES					
Rates & Annual Charges	12,338	12,269	(69)	(1%)	U
User Charges & Fees	7,532	9,771	2,239	30%	F
The reason for this result is due to the significant amount of works allocated to Council by the RMS. Approximately \$2.178M in new State Road Ordered Works projects was received during this period, as well as an additional \$51k in maintenance income.					
Interest & Investment Revenue	1,370	1,414	44	3%	F
Other Revenues	355	542	187	53%	F
Additional Insurance rebate received from Statewide Mutual on property Insurance, Workers Compensation Rebate and an additional OHS Incentive Payment, additional rebate on diesel and increase in commission fees					
Operating Grants & Contributions	9,393	10,371	978	10%	F
Capital Grants & Contributions	2,594	3,619	1,025	40%	F
Roadworks contribution of \$1m for Cadia Road Four Mile Creek Project. Molong Library Grant \$200k received late in the year, as well as \$124k for lighting of the Cargo Recreational Ground. NSW Fire Service building new Fire sheds \$203k. Yeoval Showground amenities grant \$139k received later in the year.					
Joint Ventures & Associates - Net Profits	-	227	227	0%	F

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	12,336	11,959	377	3% F
Borrowing Costs	170	243	(73)	(43%) U
Borrowing cost for remediation works for the Molong Quarry \$49,246, Gravel Pits \$21,300 and part of the Cabonne Landfill sites not recognised in the initial budget process.				
Materials & Contracts	6,066	5,778	288	5% F
Depreciation & Amortisation	9,240	9,936	(696)	(8%) U
Other Expenses	5,544	5,989	(445)	(8%) U
Net Losses from Disposal of Assets	(200)	317	(517)	259% U
Greater than expected loss on sale of property assets together with continued loss on Grange Investment				

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

Cash Flows from Operating Activities	9,466	14,290	4,824	51.0% F
This result is due to the additional income attracted during the year with additional works allocated to Council by the RMS and additional grant funding				
Cash Flows from Investing Activities	(9,439)	(3,486)	5,953	(63.1%) F
As a result of the increase in funding additional works were undertaken throughout the year.				
Cash Flows from Financing Activities	(171)	(179)	(8)	4.7% U

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	523	60	-	9	(67)	-	525	42	(42)	525	-
Other	197	10	-	4	(24)	-	187	5	(5)	187	-
S94 Contributions - under a Plan	720	70	-	13	(91)	-	712	47	(47)	712	-
Total S94 Revenue Under Plans	720	70	-	13	(91)	-	712				-
Total Contributions	720	70	-	13	(91)	-	712	47	(47)	712	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - SMALL RURAL HOLDINGS

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	40	-	-	-	(10)	-	30	2	(2)	30	-
Total	40	-	-	-	(10)	-	30	2	(2)	30	-

CONTRIBUTION PLAN NUMBER - GENERAL RURAL ZONE

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	483	60	-	9	(57)	-	495	40	(40)	495	-
Total	483	60	-	9	(57)	-	495	40	(40)	495	-

CONTRIBUTION PLAN NUMBER - BUSHFIRE EQUIPMENT

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	
Other	197	10	-	4	(24)	-	187	5	(5)	187	-
Total	197	10	-	4	(24)	-	187	5	(5)	187	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

Council has provided a Bank Guarantee of \$540,000 for rehabilitation works to be carried out upon closure of it's Molong Limestone Quarry. The agreement is with the Department of Primary Industries.

Cabonne Council

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

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

(v) Other Guarantees

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

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

Cabonne Council

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

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

\$ '000

ASSETS NOT RECOGNISED: (continued)

(ii) Infringement Notices/Fines

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

\$ '000

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

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

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

Controlled Entities (Subsidiaries)

Note 19(a)

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

Joint Ventures & Associates

Note 19(b)

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

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

Joint Operations

Note 19(c)

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

Unconsolidated Structured Entities

Note 19(d)

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

Subsidiaries, Joint Arrangements and Associates not recognised

Note 19(e)

Accounting Recognition:

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual	Actual	Actual	Actual
	2015	2014	2015	2014
Joint Ventures	-	-	-	-
Associates	227	590	19,862	19,635
Total	227	590	19,862	19,635

Cabonne Council

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

Note 19. Interests in Other Entities (continued)

\$ '000

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

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

(b) Joint Ventures and Associates

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

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Central Tablelands Water	Associate	Equity	19,862	19,635
Total Carrying Amounts - Material Joint Ventures and Associates			19,862	19,635

(b) Details

Name of Entity	Principal Activity	Place of Business
Central Tablelands Water	Supply Water	Blayney

(c) Relevant Interests & Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
Central Tablelands Water			33%	33%	33%	33%	33%	33%

Cabonne Council

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

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Joint Ventures and Associates (continued)

(d) Summarised Financial Information for Joint Ventures & Associates

	Central Tablelands Water	
	2015	2014
Statement of Financial Position		
Current Assets		
Cash and Cash Equivalents	404	681
Other Current Assets	6,677	5,707
Total Current Assets	7,081	6,388
Non-Current Assets	56,722	57,034
Current Liabilities		
Financial Liabilities (excl. Accounts Payable)	383	359
Other Current Liabilities	1,064	1,007
Total Current Liabilities	1,447	1,366
Non-Current Liabilities	2,764	3,146
Net Assets	59,592	58,910
Reconciliation of the Carrying Amount		
Opening Net Assets (1 July)	58,910	57,140
Profit/(Loss) for the period	74	284
Other Comprehensive Income	608	1,486
Closing Net Assets	59,592	58,910
Council's share of Net Assets (%)	33.33%	33.33%
Council's share of Net Assets (\$)	19,862	19,635
Statement of Comprehensive Income		
Income	5,248	5,249
Interest Income	206	185
Depreciation & Amortisation	(1,808)	(1,785)
Interest Expense	(222)	(244)
Other Expenses	(3,350)	(3,121)
Profit/(Loss) for Period	74	284
Other Comprehensive Income	608	1,486
Total Comprehensive Income	682	1,770
Council's share of Income (%)	33.33%	33.33%
Council's share of Profit/(Loss) (\$)	25	95
Council's share of Comprehensive Income (\$)	227	590

Cabonne Council

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

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Joint Operations

Council has no interest in any Joint Operations.

(d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

(e) Subsidiaries, Joint Arrangements & Associates not recognised

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

Name of Entity/Operation	Principal Activity/Type of Entity	2015	2015
		Net Profit	Net Assets
Central West Co-operative Public Library	Library Services to member Councils	19	139

Reasons for non recognition

Cabonne Council has a small interest and passive control in Central West Co-operative Public Library. Council makes a financial contribution on behalf of the rate payers of Cabonne in order for the Library to provide a service. Cabonne Council does not have significant influence or control of the entity.

Strategic Alliance	Investigation & provision of Economies of scale opportunities for Member Councils
Wellington, Blayney & Cabonne Councils	

Reasons for non recognition

Cabonne Council has a mutually agreeable collaborated arrangement with the WBC Strategic Alliance and its partners. Councils capacity is that it supports the Alliance. The Strategic Alliance is not a legal entity and does have a budget in its own right.

Southern Phone Company	Telecommunications
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Reasons for non recognition

Cabonne Council has a passive investment with Southern Phone Company with no significant influence or control.

Section 355 Committees of Council	Management, control and care of Council property	-	2,014
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Reasons for non recognition

Council auspice a number of Section 355 Committees and due to their immaterial value and nature have been excluded from recognition.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		294,751	286,874
a. Changes in Accounting Policies (prior period effects)	20 (d)	19,045	19,045
b. Net Operating Result for the Year		3,991	7,877
c. Transfers between Equity		198	-
Balance at End of the Reporting Period		317,985	313,796
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		246,653	207,821
Total		246,653	207,821
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		207,821	193,568
- Revaluations for the year	9(a)	39,030	14,301
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	-	(48)
- Transfer to Retained Earnings for Asset disposals		(198)	-
- Balance at End of Year		246,653	207,821
TOTAL VALUE OF RESERVES		246,653	207,821
(iii) Nature & Purpose of Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
(c) Correction of Error/s relating to a Previous Reporting Period			
Council made no correction of errors during the current reporting period.			
(d) Voluntary Changes in Accounting Policies			
Council has accounted for it's share of Central Tablelands Water which is significantly influenced by Council			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/13		19,045	-
(relating to adjustments for the 30/6/13 reporting year end and prior periods)			
Total Prior Period Adjustments - Accounting Policy Changes		19,045	-

Cabonne Council

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

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	362	1,390	10,517
User Charges & Fees	507	72	9,192
Interest & Investment Revenue	95	80	1,239
Other Revenues	9	6	527
Grants & Contributions provided for Operating Purposes	12	119	10,240
Grants & Contributions provided for Capital Purposes	10	1,438	2,171
Other Income			
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	227
Total Income from Continuing Operations	995	3,105	34,113
Expenses from Continuing Operations			
Employee Benefits & on-costs	184	266	11,509
Borrowing Costs	-	170	73
Materials & Contracts	338	401	5,039
Depreciation & Amortisation	484	733	8,719
Other Expenses	87	563	5,339
Net Losses from the Disposal of Assets	-	-	317
Total Expenses from Continuing Operations	1,093	2,133	30,996
Operating Result from Continuing Operations	(98)	972	3,117
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(98)	972	3,117
Net Operating Result attributable to each Council Fund	(98)	972	3,117
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(108)	(466)	946

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.

Cabonne Council

Notes to the Financial Statements
as at 30 June 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,993	2,183	15,418
Investments	-	-	20,500
Receivables	574	1,196	1,989
Inventories	-	-	1,030
Other	-	-	103
Total Current Assets	3,567	3,379	39,040
Non-Current Assets			
Receivables	27	118	416
Inventories	-	-	371
Infrastructure, Property, Plant & Equipment	25,392	41,244	441,191
Investments Accounted for using the equity method	-	-	19,862
Intangible Assets	-	-	238
Other	-	-	282
Total Non-Current Assets	25,419	41,362	462,360
TOTAL ASSETS	28,986	44,741	501,400
LIABILITIES			
Current Liabilities			
Payables	57	83	2,395
Borrowings	-	190	2
Provisions	-	-	3,601
Total Current Liabilities	57	273	5,998
Non-Current Liabilities			
Payables	-	-	38
Borrowings	-	2,518	3
Provisions	-	-	1,602
Total Non-Current Liabilities	-	2,518	1,643
TOTAL LIABILITIES	57	2,791	7,641
Net Assets	28,929	41,950	493,759
EQUITY			
Retained Earnings	11,347	25,497	281,141
Revaluation Reserves	17,582	16,453	212,618
Total Equity	28,929	41,950	493,759

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.

Cabonne Council

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

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

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

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

Accordingly, the "authorised for issue" date is 28/10/15.

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

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

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

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

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

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

Note 24. Discontinued Operations

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

Cabonne Council

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

Note 25. Intangible Assets

	Actual 2015	Actual 2014
\$ '000		
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	286	286
Accumulated Amortisation (1/7)	(83)	(32)
Accumulated Impairment (1/7)	-	-
Net Book Value - Opening Balance	203	254
Movements for the year		
- Purchases	110	-
- Amortisation charges	(75)	(51)
Closing Values:		
Gross Book Value (30/6)	396	286
Accumulated Amortisation (30/6)	(158)	(83)
Accumulated Impairment (30/6)	-	-
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u> ¹	<u>238</u>	<u>203</u>

¹. The Net Book Value of Intangible Assets represent:

- Software	238	203
	238	203

Cabonne Council

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
Tip Operations	2016	356	353
Quarry Operations	2039	1,246	1,176
Balance at End of the Reporting Period	10(a)	1,602	1,529

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	1,529	1,462
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	73	67
Total - Reinstatement, rehabilitation and restoration provision	1,602	1,529

Cabonne Council

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

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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

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

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

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

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

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

		Fair Value Measurement Hierarchy			
2015		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Other Financial Assets	30/06/15	-	20,500	-	20,500
Cash and Short Term Deposits	30/06/15	-	20,594	-	20,594
Other		-	282	-	282
Total Financial Assets		-	41,376	-	41,376
Financial Liabilities					
Payables	30/06/15	-	2,330	-	2,330
Loans / Advances		-	2,713	-	2,713
Total Financial Liabilities		-	5,043	-	5,043
Infrastructure, Property, Plant & Equipment					
Capital Works in Progress	30/06/15	-	-	8,351	8,351
Plant & Equipment	30/06/15	-	-	14,003	14,003
Office Equipment	30/06/15	-	-	444	444
Furniture & Fittings	30/06/15	-	-	218	218
Operational Land	30/06/15	-	-	7,242	7,242
Community Land	30/06/15	-	-	10,451	10,451
Land Improvements Non Depreciable	30/06/15	-	-	1,071	1,071
Land Improvements Depreciable	30/06/15	-	-	2,477	2,477
Building Non Specialised	30/06/15	-	-	1,667	1,667
Building Specialised	30/06/15	-	-	27,534	27,534
Other Structures	30/06/15	-	-	4,882	4,882
Roads	30/06/15	-	-	125,861	125,861
Bridges	30/06/15	-	-	45,060	45,060
Footpaths	30/06/15	-	-	4,078	4,078
Bulk Earthworks	30/06/15	-	-	148,410	148,410
Stormawater Drainage	30/06/15	-	-	51,527	51,527

(continued on the next page..)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

		Fair Value Measurement Hierarchy			
2015		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	Valuation	active mkts	inputs	inputs	
Recurring Fair Value Measurements					
Infrastructure, Property, Plant & Equipment (continued)					
Water Supply Network	30/06/15	-	-	23,434	23,434
Sewer Network	30/06/15	-	-	28,542	28,542
Swimming Pools	30/06/15	-	-	2,421	2,421
Tip Assets	30/06/15	-	-	8	8
Quarry Assets	30/06/15	-	-	146	146
Total Infrastructure, Property, Plant & Equipment		-	-	507,827	507,827
2014					
Financial Assets					
Investments					
- "Held for Trading"	30/06/14	-	100	-	100
Other Financial Assets	30/06/14	-	29,782	-	29,782
Cash and Short Term Deposits	30/06/14	-	9,969	-	9,969
Total Financial Assets		-	39,851	-	39,851
Financial Liabilities					
Payables	30/06/14	-	2,775	-	2,775
Loans / Advances	30/06/14	-	2,892	-	2,892
Total Financial Liabilities		-	5,667	-	5,667
Infrastructure, Property, Plant & Equipment					
Capital Works in Progress	30/06/14	-	-	7,372	7,372
Plant & Equipment	30/06/14	-	-	14,612	14,612
Office Equipment	30/06/14	-	-	558	558
Furniture & Fittings	30/06/14	-	-	253	253
Operational Land	30/06/14	-	-	7,273	7,273
Community Land	30/06/14	-	-	10,451	10,451
Land Improvements Non Depreciable	30/06/14	-	-	1,071	1,071
Land Improvements Depreciable	30/06/14	-	-	2,233	2,233
Building Non Specialised	30/06/14	-	-	1,827	1,827
Building Specialised	30/06/14	-	-	28,984	28,984
Other Structures	30/06/11	-	-	4,939	4,939
Roads	30/06/10	-	-	116,306	116,306
Bridges	30/06/10	-	-	41,129	41,129
Footpaths	30/06/10	-	-	3,804	3,804
Bulk Earthworks	30/06/10	-	-	166,435	166,435
Stormawater Drainage	30/06/10	-	-	4,901	4,901
Water Supply Network	30/06/12	-	-	23,075	23,075
Sewer Network	30/06/12	-	-	28,190	28,190
Swimming Pools	30/06/11	-	-	2,459	2,459
Tip Assets	30/06/14	-	-	9	9
Quarry Assets	30/06/14	-	-	159	159
Total Infrastructure, Property, Plant & Equipment		-	-	466,040	466,040

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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

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

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

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

Financial Assets

Held to Maturity – Term deposits valued at fair value

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Original investment value

Cash and Short Term Deposits – Cash and short term deposits valued at fair value

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Original investment value

Financial Liabilities

Payables – Outstanding creditor payments, security bonds & deposits

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Cost of product or service.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Loans/Advances – Outstanding bank loans

Valuation Technique: 'Cost approach'

Inputs Used (Level 2): Loan borrowing amount

Infrastructure, Property, Plant & Equipment

Capital Works in Progress – Uncompleted capital projects

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment – Major plant (graders, loaders trucks etc.), fleet vehicles (cars, utes etc.) and minor plant (chainsaws, mowers etc.)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment are valued at cost but are disclosed at fair value.

Office Equipment – Computers, servers

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Office Equipment is valued at cost but is disclosed at fair value.

Furniture and Fittings – Desks, chairs, air conditioners, cupboards

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Furniture and Fittings are valued at cost but are disclosed at fair value.

Operational Land –

Valuation Techniques: 'Market approach'

Inputs Used (Level 3): Land area, rate per square metre, zoning restrictions, geographical location, sales of comparable land

Councils Operational Land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

With regard to the above Councils Valuer Scott Fullarton Valuations P/L analysed sales of land throughout Cabonne Shire and surrounding Council areas and adopted a rate per square metre, after taking into consideration zoning, location, area and configuration.

Community Land –

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): The NSW Valuer General's valuations (as at 30 June 2011)

Councils community land is land intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, or dedication under section 94 of the Environmental Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it.

In relation to the valuing of Community Land the Office of Local Government has authorised the use of the NSW Valuer General's valuations as a sufficient basis to represent fair value for the revaluation of community land under clause 31 of AASB 116.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Non Depreciable land Improvements

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Non Depreciable land improvements are valued at cost but are disclosed at fair value.

Depreciable Land Improvements – Gardens/softfall areas, cricket pitches and recreation ground pathways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, units rates

Depreciable Land Improvements were valued as at 30 June 2011. Valuations are based on unit rates derived from historical costs and from industry rates such as the 'Australian Construction handbook 2014 - Rawlinson's'.

Buildings (Specialised/Non Specialised) – Community halls, toilet blocks, council offices, library, multipurpose centre, works depot

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Council's buildings were valued at fair value on 30th June 2014 in accordance with Compiled Accounting Standard AASB116 *Property, Plant and Equipment*, the guidance contained in the NSW Treasury Accounting Policy tpp 07-1 and the NSW Department of Local Government Guidelines. 'Fair value' is the best estimate of the price reasonably obtainable in the market at the date of valuation. As defined in AASB 116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction"

Councils Specialised Buildings were valued by Scott Fullarton Valuation (SFV) P/L as at 30 June 2014. SFV provided a valuation for each building based on applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. These rates were derived from substantial analysis of construction costs from over one hundred and twenty (120) Councils throughout New South Wales.

SFV estimated the Total Life and Residual Life of each building/structure and, where the building is considered a complex asset, for each component, as they have useful lives different from those of the non-current assets to which they relate. In regard to componentisation, Paragraph 43 of AASB116 requires each part of the asset with a cost that is **significant** in relation to the asset be depreciated separately (structure, internal finishes, electrical services, mechanical services, fire/security and roof).

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Other Structures

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, units rates

Other Structures were valued as at 30 June 2011. Valuations are based on unit rates derived from historical costs and from industry rates such as the 'Australian Construction handbook 2014 - Rawlinson's'.

Swimming Pools – Swimming Pools

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, units rates

Swimming pools were valued as at 30 June 2011. Valuations are based on unit rates derived from historical costs and from industry rates such as the 'Australian Construction handbook 2014 - Rawlinson's'.

Roads – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Councils road infrastructure assets were last valued by Pavement Management Services on 30 June 2015. As per Paragraph 43 of AASB116, Councils roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

- Road Surface
- Pavement
- Formation & Major Earthworks
- Kerb and Gutter

Roads – Sealed and Unsealed

GPS logged to establish the length and extent of the network. Road chainages were taken as the measure of Cabonne Council's road asset length. Seal widths (sealed roads) were taken from full condition assessment undertaken by Pavement Management Services.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

The pavement width was assumed to be an additional 1m on each side of the Seal (e.g. Seal of 6 m is assumed to have an 8m wide pavement). This was confirmed by random sampling of a range of roads categories across the Shire.

Unit rates for major earthworks, pavement and sealing were based on the Rawlinson's; Construction Cost Guide 2010, Edition 18. These rates were verified against recent actual rates from Cabonne Council road works.

Condition Assessment data was established on all of Cabonne Councils road network..

Kerb and Gutter

Kerb & Gutter assets were valued in-house as at 30 June 2015.

Asset register was developed by Council staff completing a physical inspection of the Kerb & Gutter Network. Council staff were equipped with a GPS unit that measured the length and the location of each asset. Unit rates were established from historical data and also tested against recent construction costs. Condition assessment for Kerb and Gutter was collected at time of physical inspection along with the material used in the construction.

Bridges

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimension and specifications (concrete/timber), bridge traffic

Bridges assets were valued in-house as at 30 June 2015.

Asset register was developed by Council staff completing a physical inspection of all Council Bridges. Council staff inspected and componentised each bridge collected the necessary data including condition rating, bridge dimensions and all other relevant data. Unit rates were established from historical data and also tested against recent construction costs.

Footpaths – Footways including cycleways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications (concrete/bitumen)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Asset register was developed by Council staff completing a physical inspection of all Council's footpaths. Council staff inspected each footpath and collected the necessary data including condition rating, dimensions and all other relevant data. Unit rates were established from historical data and also tested against recent construction costs.

Footpaths assets were valued by Pavement Management Services as at 30 June 2015.

Stormwater Drainage – includes pits, pipes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Asset register was developed by Council staff completing a physical inspection of all Council's stormwater drainage. Council staff inspected and collected the necessary data including condition rating, dimensions and all other relevant data. Unit rates were established from historical data and also tested against recent construction costs.

Stormwater drainage assets were valued in-house as at 30 June 2015.

Water Supply Network

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Councils Sewer Network was valued by CPE Associates as at 30 June 2012. The valuation was based on the NSW Office of Water's *NSW Reference Rates Tables* issued in July 2012, a supplement to the former Ministry of Energy and Utilities' 2003 document *NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. Valuations in the updated tables are for June 2012.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

CPEa conducted a field survey, involving a physical inspection of the ground-level facility assets in the system such as treatment plants, pumping stations and effluent reuse reservoir.

The object of the survey was to uncover any evidence that will challenge the default useful life for that asset class such as corrosion (or lack of), obvious mechanical/electrical defects or structural damage. Field survey sheets were completed and a photographic record also was made.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Sewerage Network – Sewer pipes, pump stations, treatment plant, telemetry system, manholes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Councils Sewer Network was valued by CPE Associates as at 30 June 2012. The valuation was based on the NSW Office of Water's *NSW Reference Rates Tables* issued in July 2012, a supplement to the former Ministry of Energy and Utilities' 2003 document *NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. Valuations in the updated tables are for June 2012.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

CPEa conducted a field survey, involving a physical inspection of the ground-level facility assets in the system such as treatment plants, pumping stations and effluent reuse reservoir.

The object of the survey was to uncover any evidence that will challenge the default useful life for that asset class such as corrosion (or lack of), obvious mechanical/electrical defects or structural damage. Field survey sheets were completed and a photographic record also was made.

Tip and Quarry Assets – Reinstatement, rehabilitation and restoration

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry sites. Closure of the landfill and quarry sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuation are based on actual timing of costs and future environmental management requirements.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Capital Works in Progress	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Community Land	Land Imps Non Depreciable	Land Imps Depreciable	Total
Adoption of AASB 13	1,681	14,649	582	250	5,084	10,447	1,071	1,916	35,680
Transfers from/(to) another asset class	-	-	-	-	(122)	-	-	-	(122)
Purchases (GBV)	5,691	2,705	231	43	212	4	-	447	9,333
Disposals (WDV)	-	(344)	(14)	-	-	-	-	-	(358)
Depreciation & Impairment	-	(2,398)	(241)	(40)	-	-	-	(130)	(2,809)
Other movement	-	-	-	-	2,099	-	-	-	2,099
Closing Balance - 30/6/14	7,372	14,612	558	253	7,273	10,451	1,071	2,233	43,823
Adoption of AASB 13	-	-	-	-	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-	-	-	-	-
Purchases (GBV)	979	2,230	89	4	236	-	-	406	3,944
Disposals (WDV)	-	(635)	-	-	(267)	-	-	(23)	(925)
Depreciation & Impairment	-	(2,204)	(203)	(39)	-	-	-	(139)	(2,585)
Other movement	-	-	-	-	-	-	-	-	-
Closing Balance - 30/6/15	8,351	14,003	444	218	7,242	10,451	1,071	2,477	44,257

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Buildings Non Special	Buildings Specialised	Other Structures	Roads	Bridges	Footpaths	Bulk Eathworks	Stormwater Drainage	Total
Adoption of AASB 13	295	20,096	5,751	160,851	-	-	165,715	4,930	357,638
Transfers from/(to) another asset class	1,088	(1,254)	(918)	(43,313)	39,725	3,588	-	-	(1,084)
Purchases (GBV)	-	482	355	2,760	1,771	272	720	66	6,426
Depreciation & Impairment	(42)	(660)	(249)	(3,992)	(367)	(56)	-	(95)	(5,461)
Other movement	486	10,320	-	-	-	-	-	-	10,806
Closing Balance - 30/6/14	1,827	28,984	4,939	116,306	41,129	3,804	166,435	4,901	368,325
Adoption of AASB 13	-	-	-	-	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-	-	-	-	-
Purchases (GBV)	-	598	199	6,971	1,152	237	253	-	9,410
Disposals (WDV)	(65)	(672)	-	-	-	-	-	-	(737)
Depreciation & Impairment	(95)	(1,376)	(256)	(3,994)	(367)	(58)	-	(95)	(6,241)
FV Gains - Other Comprehensive Income	-	-	-	6,578	3,146	95	(18,278)	46,721	38,262
FV Gains - Income Statement ¹	-	-	-	-	-	-	-	-	-
Other movement	-	-	-	-	-	-	-	-	-
Closing Balance - 30/6/15	1,667	27,534	4,882	125,861	45,060	4,078	148,410	51,527	409,019

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Water Network	Sewer Network	Swimming Pools	Tip Assets	Quarry Assets	Total
Adoption of AASB 13	22,320	27,748	-	10	210	50,288
Transfers from/(to) another asset class	-	-	1,083	-	-	1,083
Purchases (GBV)	531	223	1,431	-	-	2,185
Depreciation & Impairment	(404)	(549)	(55)	(1)	(51)	(1,060)
Other movement	628	768	-	-	-	1,396
Closing Balance - 30/6/14	23,075	28,190	2,459	9	159	53,892
Adoption of AASB 13	-	-	-	-	-	-
Transfers from/(to) another asset class	-	-	-	-	-	-
Purchases (GBV)	434	474	18	-	-	926
Depreciation & Impairment	(421)	(544)	(56)	(1)	(13)	(1,035)
FV Gains - Other Comprehensive Income	346	422	-	-	-	768
FV Gains - Income Statement ¹	-	-	-	-	-	-
Other movement	-	-	-	-	-	-
Closing Balance - 30/6/15	23,434	28,542	2,421	8	146	54,551

Cabonne Council

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

Note 27. Fair Value Measurement (continued)

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

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

I, PP&E

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Capital Works in Progress	\$8,351	Cost Approach	<ul style="list-style-type: none"> Gross Replacement Cost 	<ul style="list-style-type: none"> Various 	Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value.
Plant & Equipment	\$14,003	Cost Approach	<ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life 	<ul style="list-style-type: none"> Various 5 to 15 years 	Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value.
Office Equipment	\$444	Cost Approach	<ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life 	<ul style="list-style-type: none"> Various 4 to 15 years 	Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value.
Furniture & Fittings	\$218	Cost Approach	<ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life 	<ul style="list-style-type: none"> Various 4 to 15 years 	Any Changes in the gross replacement value or pattern of consumption will have an impact on fair value.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Community land	\$7,242	Cost Approach	<ul style="list-style-type: none"> NSW Valuer General's Valuation (Unimproved Capital Value) 	<ul style="list-style-type: none"> Per valuer general 	Any changes in average unimproved capital value will increase/decrease fair value.
Land Improvements Non Depreciable	\$1,071	Cost Approach	<ul style="list-style-type: none"> Gross Replacement Cost 	<ul style="list-style-type: none"> Various 	Any Changes In the component pricing and asset condition will have an impact on fair value.
Land Improvements Depreciable	\$2,477	Cost Approach	<ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life 	<ul style="list-style-type: none"> Various 1 to 50 years 	Any Changes In the component pricing and asset condition will have an impact on fair value.
Buildings Non Specialised	\$1,667	Cost Approach	<ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life 	<ul style="list-style-type: none"> \$1,930 - \$3,490 per sq metre 1 to 5 33 to 100 years 	Any Changes In the component pricing and asset condition will have an impact on fair value.
Buildings Specialised	\$27,534	Cost Approach	<ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life 	<ul style="list-style-type: none"> \$320 - \$6,000 per sq metre 1 to 5 33 to 100 years 	Any Changes In the component pricing and asset condition will have an impact on fair value.
Other Structures	\$4,882	Cost Approach	<ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life 	<ul style="list-style-type: none"> Various 33 to 50 years 	Any Changes In the component pricing and asset condition will have an impact on fair value

Cabonne Council

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

Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Roads	\$125,861	Cost Approach	<ul style="list-style-type: none"> Unit Rates Asset Condition Useful life 	<ul style="list-style-type: none"> \$9.37 - \$4,253 per km 1 to 5 20 – 225 years 	Any Changes in component pricing and asset condition will have an impact on fair value.
Bridges	\$45,060	Cost Approach	<ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life 	<ul style="list-style-type: none"> \$27,460 per metre of bridge 1 to 5 150 years 	Any Changes in component pricing and asset condition will have an impact on fair value.
Footpaths	\$4,078	Cost Approach	<ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life 	<ul style="list-style-type: none"> \$128.30 per lineal metre 1 to 5 100 years 	Any Changes in component pricing and asset condition will have an impact on fair value.
Bulk Earthworks	\$148,410	Cost Approach	<ul style="list-style-type: none"> Unit Rates Terrain rating 	<ul style="list-style-type: none"> \$60k– \$288 per km Low, medium or high 	Any Changes in component pricing and asset condition will have an impact on fair value.
Stormwater Drainage	\$51,527	Cost Approach	<ul style="list-style-type: none"> Unit Rates Asset Conditions Useful Life 	<ul style="list-style-type: none"> \$100 - \$4,000 per unit 1 to 5 150 years 	Any Changes in component pricing and asset condition will have an impact on fair value.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Water Supply Network	\$23,434	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life 	<ul style="list-style-type: none"> • Various • 1 to 5 • 10 to 100 years 	Any Changes in component pricing and asset condition will have an impact on fair value.
Sewer Network	\$28,542	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life 	<ul style="list-style-type: none"> • Various • 1 to 5 • 10 to 100 years 	Any Changes in component pricing and asset condition will have an impact on fair value.
Swimming Pools	\$2,421	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • 1 to 5 • 50 to 100 years 	Any Changes in component pricing and asset condition will have an impact on fair value
Tip Assets	\$8	Cost Approach	<ul style="list-style-type: none"> • Discounted future Cash Flows 	<ul style="list-style-type: none"> • 6% 	Any Changes in the future cost estimates and discount rate will have an impact on fair value.
Quarry Assets	\$146	Cost Approach	<ul style="list-style-type: none"> • Discounted future Cash Flows 	<ul style="list-style-type: none"> • 6% 	Any Changes in the future cost estimates and discount rate will have an impact on fair value.

(5). Highest and best use

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

Cabonne Council

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

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2015	2014	2013	2012	2011
Inflows:					
Rates & Annual Charges Revenue	12,269	11,989	11,827	11,148	10,649
User Charges Revenue	9,771	10,124	9,982	11,045	6,794
Interest & Investment Revenue (Losses)	1,414	1,660	1,986	1,777	1,825
Grants Income - Operating & Capital	9,827	9,557	9,638	11,253	11,983
Total Income from Continuing Operations	38,213	40,162	37,644	37,966	35,739
Sale Proceeds from I,PP&E	1,489	822	619	1,226	1,202
New Loan Borrowings & Advances	-	-	2,455	-	-
Outflows:					
Employee Benefits & On-cost Expenses	11,959	11,804	11,652	12,062	10,696
Borrowing Costs	243	248	187	113	115
Materials & Contracts Expenses	5,778	4,739	4,811	7,412	6,195
Total Expenses from Continuing Operations	34,222	32,285	32,303	33,005	29,451
Total Cash purchases of I,PP&E	14,187	17,492	12,365	12,955	10,937
Total Loan Repayments (incl. Finance Leases)	179	170	75	71	101
Operating Surplus/(Deficit) (excl. Capital Income)	372	1,404	2,398	2,793	2,658
Financial Position Figures	2015	2014	2013	2012	2011
Current Assets	45,986	45,156	45,794	42,266	40,723
Current Liabilities	6,328	6,536	6,022	7,369	7,485
Net Current Assets	39,658	38,620	39,772	34,897	33,238
Available Working Capital (Unrestricted Net Current Assets)	3,509	4,705	3,100	5,596	7,159
Cash & Investments - Unrestricted	3,564	4,466	2,103	4,999	7,188
Cash & Investments - Internal Restrictions	29,191	25,735	24,631	17,412	15,654
Cash & Investments - Total	41,094	39,569	39,972	36,313	34,550
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	2,713	2,892	3,062	682	753
Total Value of I,PP&E (excl. Land & Earthworks)	515,704	482,719	445,048	434,477	432,636
Total Accumulated Depreciation	175,051	201,909	183,760	175,016	177,458
Indicative Remaining Useful Life (as a % of GBV)	66%	58%	59%	60%	59%

Source: Published audited financial statements of Council (current year & prior year)

Cabonne Council

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

Note 29. Council Information & Contact Details

Principal Place of Business:

99 - 101 Bank Street
Molong NSW 2866

Contact Details
Mailing Address:

PO Box 17
Molong NSW 2866

Opening Hours:

Monday to Friday
9am to 5pm

Telephone: 02 6392 3200

Facsimile: 02 6392 3260

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

Email: council@cabonne.nsw.gov.au

Officers
GENERAL MANAGER

Andrew Hopkins

RESPONSIBLE ACCOUNTING OFFICER

Stephen Harding

PUBLIC OFFICER

Gerard Aguila

AUDITORS

intentus Chartered Accountants
14 Sale Street, Orange

Elected Members
MAYOR

Michael Hayes

COUNCILLORS

Janelle Culverson
Ian Davidson
Geoffery Dean
Anthony Durkin
Ian Gosper
Lachlan MacSmith
Marlene Nash
Gregory Treavors
Graham Smith
Kevin Walker
Sharon Wilcox

Other Information

ABN: 419 929 192 00

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL
ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF
CABONNE COUNCIL**

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Cabonne Council (The Council) for the financial year ended 30 June 2015. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

Councils' Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. 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, the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

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

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Cabonne Council (Council) for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of their web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2;
- (b) the Council's financial statements:
 - (i) have been prepared in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) are in accordance with applicable Australian Accounting Standards (Including the Australian Accounting Interpretations).
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have emerged in the course of the audit.


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John O'Malley
Director

14 Sale Street
Orange
Dated: 28 October 2015

28 October 2015

The Mayor
Councillor Ian Gosper
Cabonne Council
PO Box 17
MOLONG NSW 2866

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT OF
CABONNE COUNCIL FOR THE YEAR ENDED 30 JUNE 2015**

We advise having completed our audit of the financial statements of Cabonne Council for the financial year ended 30 June 2015. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council.

In accordance with Section 417(3) of the Local Government Act 1993 we submit our report on the conduct of the audit of Cabonne Council for the year ended 30 June 2015. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements for Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

The following comments are provided in accordance with Section 417(3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.

Review of Financial Results

(a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$3,991,000 (2014 - \$7,877,000). Selected items of note in the operating statement include:

The operating result from ordinary activities *before* capital amounts was \$372,000 (2014 – \$1,404,000).

- User Charges & Fees revenue decreased \$353,000 to \$9,771,000 (2014 - \$10,124,000) with a fall in quarry revenue the main reason.
- Interest and Investment Revenue fell by \$246,000 to \$1,414,000 (2014 - \$1,660,000). The decline attributable to the overall decline in interest rates on offer as existing investments matured and a write-down from \$100,000 to \$Nil on council's last remaining CDO investment.
- Income from Operating Grants returned to traditional levels at \$10,371,000 (2014 - \$8,325,000) following the return to a full year of instalments of the Federal Financial Assistance Grant.
- Capital grants also returned to trend levels. This time lower at \$3,619,000 (2014 - \$6,473,000). The 2014 year was boosted by a \$3.3M grant for the small town sewer scheme. This was not repeated in 2015.
- Materials and Contracts expenses were higher at \$5,778,000 (2014 - \$4,739,000) with the largest contributor to the increase being the expenses relating to the remediation of the former gasworks site in Molong.

Council's other major items of income and expenditure were relatively consistent with the prior period.

(b) Financial Position

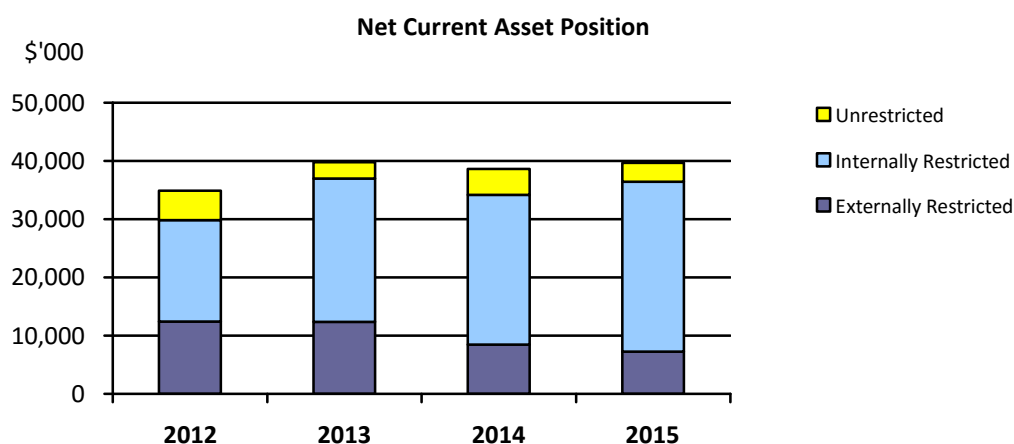
The Statement of Financial Position discloses that for the year ended 30 June 2015 Council's net assets stood at \$564,638,000 (2014 - \$521,617,000), which represents an increase of \$43,021,000. The increase comprises the net operating surplus after capital amounts of \$3,991,000 and the net revaluation increment resulting from the revaluation of roads, bridges, footpaths, storm water drainage, water and sewerage infrastructure assets of \$39,030,000.

To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets as follows: -

	2015 \$'000	2014 \$'000
Net Current Assets	39,658	38,620
Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements)	(10,109)	(11,310)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(29,191)	(25,735)
Add: Applicable current liabilities refer Note 10		
- Water	57	84
- Sewerage	273	422
Add: Employee Leave Entitlements to be paid > 12 months	2,532	2,362
Unrestricted net current asset surplus/(deficit)	3,220	4,443
Unrestricted net current assets comprise: -		
Assets		
Cash	3,564	4,466
Receivables	1,989	2,375
Inventories	1,030	1,258
Other (Prepayments)	103	12
Less: General Purpose Liabilities	(5,998)	(6,030)
Plus: Employee Leave Entitlements to be paid > 12 months	2,532	2,362
Unrestricted net current asset surplus/(deficit)	3,220	4,443

Council's continues to enjoy a surplus of net current assets to cover the restrictions placed on those assets.

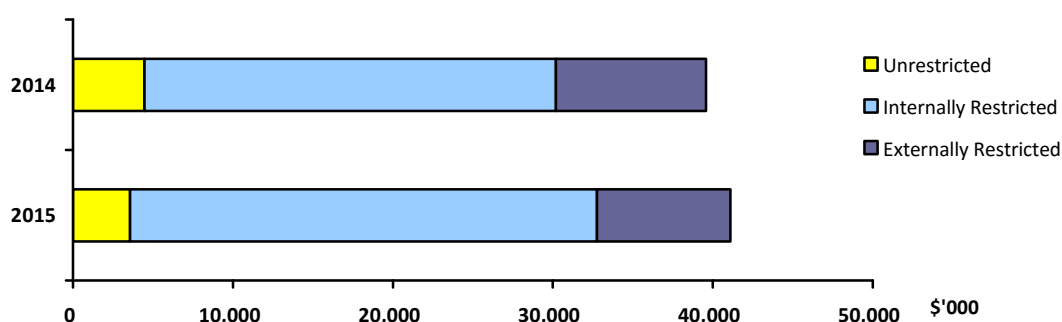
The following table shows the Council's calculated net current asset position over the past four years:



Cash & Investments

Note 6 to the accounts discloses total cash and investments of \$41,094,000 (2014 - \$39,569,000), of this amount \$8,339,000 (2014 - \$9,368,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$29,191,000 (2014 - \$25,735,000) is subject to internal restrictions agreed upon by Council for designated purposes. These internal restrictions may be altered at the discretion of Council, consistent with their operational plan.

The unrestricted balance of \$3,564,000 (2014 - \$4,466,000) represents funds available to cover non-budgeted discretionary expenditure and meet short-term cash flow requirements.



Whilst the consolidated financial statements displays healthy levels of cash and investments, we remind the reader that the consolidated data is not necessarily reflective of the position of the individual funds (General, Water & Sewer) and this is equally applicable when reviewing the performance indicators considered below. General information on the financial position and performance by fund is provided in Note 21 to the financial statements.

(c) Performance Indicators

Note 13 to the Financial Statements provide a measure of Council's performance using a number of selected ratios as follows:

Operating Performance Ratio

This ratio expresses council's ability to keep operating expenses, including depreciation, within its continuing operating revenue. The outcome of 1.63% (2014 – 0.85%) represents the surplus between continuing operating revenue and continuing operating expenses. The improvement in this ratio has many contributors, but in particular the restoration of a full year of the Federal Assistance Grant payments has served to restore the performance measured by this ratio.

Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure to assess the adequacy of working capital and the ability to satisfy obligations in the short term for the unrestricted activities of Council.

Cabonne Council's ratio of 10.07:1 indicates that it has sufficient liquidity to comfortably meet its debts as and when they fall due.

Debt Service Cover Ratio

The Debt Service Cover Ratio measures the ability of council to service debt by expressing that capacity as a multiple of the operating result from continuing operations, excluding capital items and depreciation / impairment, over the principal and interest costs.

At 25.45 times (2014 – 23.70 times) Cabonne Council's ratio indicates that it is easily able to service the existing levels of debt.

Rates & Annual Charges, Interest & Extra Charges Outstanding Percentage

The rates and annual charges, interest and extra charges outstanding percentage is a measure of management efficiency. Whilst prevailing economic conditions or the timing of billing runs may influence Council's ability to collect revenue, the efficacy of collection procedures is still the largest determinant of this ratio.

Cabonne Council's rates and annual charges, interest and extra charges outstanding percentage of 3.78% (2014 – 4.81%) has improved further against the prior year's gains.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of (\$11,411,000) (2014 decrease - \$4,603,000) as follows:

	2015 \$'000	2014 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	14,290	16,393	(2,103)
Investing activities	(3,486)	(27,634)	24,148
Financing activities	(179)	(170)	(9)
Net increase / (decrease) in cash held	10,625	(11,411)	22,036

Cash flows from operating activities

The cashflows from operating activities have decreased when compared to 2014 due to the once-off capital grant of \$3.3M for the small town sewer scheme received during 2014.

Cash flows from investing activities

The significant reduction in the investing cash outflow is due to the net sale of \$9,500,000 in (long-term) investments that have been converted to (short-term) cash and cash equivalents.

Cash flows from financing activities

The net cash flow used in financing activities was \$179,000 (2014 - \$170,000), which related solely to the repayment of borrowings during the year.

(e) Comparison of Actual and Budgeted Performance

Council's surplus from ordinary activities after capital amounts of \$3,991,000 was \$3,565,000 better than Council's original estimates.

It is beyond the purpose of this report to provide a detailed analysis of individual budget variations. Note 16 to Council's financial statements addresses the contributing factors to these variations in detail.

(f) Other Matters

National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Cabonne Council has prepared special purpose financial statements on its business units for the year ended 30 June 2015. Council has determined that it has three business units within its operations: Water, Sewerage and Quarry.

The Office of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outline the process for identifying and allocating costs of activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unmodified audit report on the special purpose reports for the year ended 30 June 2015 has been issued.

Management Letters

Our most recent management letter was issued on 13 July 2015. Management has typically responded to recommendations in an appropriate and timely manner.

(g) Legislative compliance

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial statements that have come to our attention during the conduct of the audit and that Cabonne Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

(h) Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements of Cabonne Council (Council) for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Conclusion

- (a) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements and allowed proper and effective audit of these statements;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of these statements; and
- (c) All information relevant to the conduct of the audit has been obtained.


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John O'Malley
Director

14 Sale Street
Orange
Dated: 28 October 2015

Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 22 September 2015.



Ian Gosper
MAYOR



Lachlan MacSmith
COUNCILLOR



Andrew Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	362	312
User charges	507	551
Fees	-	-
Interest	95	113
Grants and contributions provided for non capital purposes	12	13
Profit from the sale of assets	-	-
Other income	9	13
Total income from continuing operations	985	1,002
Expenses from continuing operations		
Employee benefits and on-costs	184	169
Borrowing costs	-	-
Materials and contracts	338	381
Depreciation and impairment	484	469
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	87	94
Total expenses from continuing operations	1,093	1,113
Surplus (deficit) from Continuing Operations before capital amounts	(108)	(111)
Grants and contributions provided for capital purposes	10	35
Surplus (deficit) from Continuing Operations after capital amounts	(98)	(76)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(98)	(76)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(98)	(76)
plus Opening Retained Profits	11,445	11,521
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	11,347	11,445
Return on Capital %	-0.4%	-0.4%
Subsidy from Council	875	1,004
Calculation of dividend payable:		
Surplus (deficit) after tax	(98)	(76)
less: Capital grants and contributions (excluding developer contributions)	(10)	(35)
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Cabonne Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	1,390	1,325
User charges	72	60
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	80	64
Grants and contributions provided for non capital purposes	119	124
Profit from the sale of assets	-	-
Other income	6	-
Total income from continuing operations	1,667	1,573
Expenses from continuing operations		
Employee benefits and on-costs	266	220
Borrowing costs	170	180
Materials and contracts	401	417
Depreciation and impairment	733	782
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	563	254
Total expenses from continuing operations	2,133	1,853
Surplus (deficit) from Continuing Operations before capital amounts	(466)	(280)
Grants and contributions provided for capital purposes	1,438	3,402
Surplus (deficit) from Continuing Operations after capital amounts	972	3,122
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	972	3,122
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	972	3,122
plus Opening Retained Profits	24,525	21,403
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	25,497	24,525
Return on Capital %	-0.7%	-0.2%
Subsidy from Council	1,542	1,527
Calculation of dividend payable:		
Surplus (deficit) after tax	972	3,122
less: Capital grants and contributions (excluding developer contributions)	(1,438)	(3,402)
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Cabonne Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

Quarry

Category 2

\$ '000	Category 2	
	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	-	-
User charges	1,646	1,848
Fees	-	-
Interest	-	23
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	2
Total income from continuing operations	1,646	1,873
Expenses from continuing operations		
Employee benefits and on-costs	425	232
Borrowing costs	49	47
Materials and contracts	812	608
Depreciation and impairment	111	121
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	401	601
Total expenses from continuing operations	1,798	1,609
Surplus (deficit) from Continuing Operations before capital amounts	(152)	264
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(152)	264
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(152)	264
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(79)
SURPLUS (DEFICIT) AFTER TAX	(152)	185
plus Opening Retained Profits	1,938	1,674
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	79
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	1,786	1,938
Return on Capital %	-7.4%	20.7%
Subsidy from Council	145	-

Cabonne Council

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

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	2,993	3,093
Investments	-	-
Receivables	574	598
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,567	3,691
Non-Current Assets		
Investments	-	-
Receivables	27	-
Inventories	-	-
Infrastructure, property, plant and equipment	25,392	25,077
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	25,419	25,077
TOTAL ASSETS	28,986	28,768
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	57	84
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	57	84
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	57	84
NET ASSETS	28,929	28,684
EQUITY		
Retained earnings	11,347	11,445
Revaluation reserves	17,582	17,239
Council equity interest	28,929	28,684
Non-controlling equity interest	-	-
TOTAL EQUITY	28,929	28,684

Cabonne Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	2,183	2,262
Investments	-	-
Receivables	1,196	1,344
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,379	3,606
Non-Current Assets		
Investments	-	-
Receivables	118	-
Inventories	-	-
Infrastructure, property, plant and equipment	41,244	40,078
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	41,362	40,078
TOTAL ASSETS	44,741	43,684
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	83	245
Interest bearing liabilities	190	177
Provisions	-	-
Total Current Liabilities	273	422
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	2,518	2,707
Provisions	-	-
Total Non-Current Liabilities	2,518	2,707
TOTAL LIABILITIES	2,791	3,129
NET ASSETS	41,950	40,555
EQUITY		
Retained earnings	25,497	24,525
Revaluation reserves	16,453	16,030
Council equity interest	41,950	40,555
Non-controlling equity interest	-	-
TOTAL EQUITY	41,950	40,555

Cabonne Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

Quarry

Category 2

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	966	893
Investments	-	-
Receivables	191	109
Inventories	101	256
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,258	1,258
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	1,398	1,501
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	1,398	1,501
TOTAL ASSETS	2,656	2,759
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	870	821
Total Current Liabilities	870	821
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	870	821
NET ASSETS	1,786	1,938
EQUITY		
Retained earnings	1,786	1,938
Revaluation reserves	-	-
Council equity interest	1,786	1,938
Non-controlling equity interest	-	-
TOTAL EQUITY	1,786	1,938

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Cabonne Council

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

Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

(where gross operating turnover is over \$2 million)

Nil.

Category 2

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

a. Cabonne Council Combined Water Supplies

Water supply operations servicing the towns of Molong, Yeoval and Cumnock, established as a combined special rate fund.

b. Cabonne Council Combined Sewerage Supplies

Sewerage reticulation and treatment operations servicing the towns of Molong, Eugowra, Canowindra, Cudal, Yeoval, Cumnock and Manildra. These are reported under two special rate funds:

- (i) Cabonne Sewer Fund, servicing the towns of Molong, Canowindra and Eugowra, and
- (ii) Small Town Sewer Fund, servicing the towns of Manildra, Cudal, Cumnock and Yeoval

c. Cabonne Council – Agricultural Quarry

Supplies agricultural lime, limestone aggregates and ready mixed concrete

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

Cabonne Council

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

Note 1. Significant Accounting Policies

Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

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

(i) Taxation Equivalent Charges

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

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

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

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

Cabonne Council

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

Note 1. Significant Accounting Policies

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.

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

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 3.02% at 30/6/15.

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

(iv) Dividends

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

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

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Cabonne Council

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

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2015

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	3,606
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	36,060
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(614,000)

2015 Surplus	(108,000)	2014 Surplus	(111,000)	2013 Surplus	(395,000)
		2014 Dividend	-	2013 Dividend	-

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

3. Required outcomes for 6 Criteria

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

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

Cabonne Council

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

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

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

2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	900
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)]	%	56.07%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	24,572
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	609
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	455
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)]	%	-0.76%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- 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.

Cabonne Council

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

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2015

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	4,698
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	46,980
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(1,055,000)

2015 Surplus	(466,000)	2014 Surplus	(280,000)	2013 Surplus	(309,000)
		2014 Dividend	-	2013 Dividend	-

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

3. Required outcomes for 4 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Cabonne Council

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

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

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

2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,651
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	39,295
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	1,399
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,477
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)]	%	-1.17%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	1,374

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	2,551
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.45%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,932
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)]	%	-1.01%
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%

Cabonne Council

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

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

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

2015

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

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-3.48%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
NWI F23	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		675
	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:		175
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	(500)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	37
	Grants for Pensioner Rebates (w11b + s12b)		

- 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.

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

Report on the Financial Statements

We have audited the special purpose financial statements of Cabonne Council for the year ended 30 June 2015, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independence

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

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Cabonne Council (Council) for the year ended 30 June 2015 included on Council's web site. Council is responsible for the integrity of their web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

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

Basis of Accounting

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


intentus


John O'Malley
Director

14 Sale Street
Orange
Dated: 28 October 2015

Cabonne Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

*“...providing sustainable local government to our rural communities
through consultation and sound financial management”*



Cabonne Council

Special Schedules

for the financial year ended 30 June 2015

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Special Schedules¹

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	5
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- Special Schedule No. 8	Financial Projections	n/a
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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Cabonne Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	955	194	-	(761)
Administration	2,673	479	-	(2,194)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	601	15	203	(383)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	194	5	-	(189)
Other	-	-	-	-
Total Public Order & Safety	795	20	203	(572)
Health	581	110	-	(471)
Environment				
Noxious Plants and Insect/Vermin Control	1,621	1,364	-	(257)
Other Environmental Protection	1,326	12	220	(1,094)
Solid Waste Management	1,387	1,254	88	(45)
Street Cleaning	224	38	-	(186)
Drainage	15	-	-	(15)
Stormwater Management	96	74	-	(22)
Total Environment	4,669	2,742	308	(1,619)
Community Services and Education				
Administration & Education	151	20	-	(131)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	702	619	-	(83)
Children's Services	1,216	998	-	(218)
Total Community Services & Education	2,069	1,637	-	(432)
Housing and Community Amenities				
Public Cemeteries	174	75	30	(69)
Public Conveniences	186	-	-	(186)
Street Lighting	128	-	-	(128)
Town Planning	281	305	-	24
Other Community Amenities	(81)	23	-	104
Total Housing and Community Amenities	688	403	30	(255)
Water Supplies	1,092	985	10	(97)
Sewerage Services	2,133	1,668	1,438	973

Cabonne Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	367	51	200	(116)
Museums	218	4	-	(214)
Art Galleries	-	-	-	-
Community Centres and Halls	314	5	7	(302)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	146	4	-	(142)
Sporting Grounds and Venues	504	6	274	(224)
Swimming Pools	594	-	-	(594)
Parks & Gardens (Lakes)	604	16	-	(588)
Other Sport and Recreation	141	15	61	(65)
Total Recreation and Culture	2,888	101	542	(2,245)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	1,855	1,746	-	(109)
Total Mining, Manufacturing and Const.	1,855	1,746	-	(109)
Transport and Communication				
Urban Roads (UR) - Local	330	718	-	388
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	2,427	-	-	(2,427)
Sealed Rural Roads (SRR) - Regional	1,493	1,476	700	683
Unsealed Rural Roads (URR) - Local	2,574	1,006	300	(1,268)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	249	-	-	(249)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	118	-	-	(118)
Parking Areas	-	-	-	-
Footpaths	206	60	79	(67)
Aerodromes	-	-	-	-
Other Transport & Communication	5,039	5,663	9	633
Total Transport and Communication	12,436	8,923	1,088	(2,425)
Economic Affairs				
Camping Areas & Caravan Parks	221	123	-	(98)
Other Economic Affairs	1,167	309	-	(858)
Total Economic Affairs	1,388	432	-	(956)
Totals – Functions	34,222	19,440	3,619	(11,163)
General Purpose Revenues ⁽²⁾		14,927		14,927
Share of interests - joint ventures & associates using the equity method	-	227		227
NET OPERATING RESULT ⁽¹⁾	34,222	34,594	3,619	3,991

(1) As reported in the Income Statement

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

Cabonne Council

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	177	2,706	2,883	-	176	-	-	170	189	2,518	2,707
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	177	2,706	2,883	-	176	-	-	170	189	2,518	2,707
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	3	6	9	-	3	-	-	-	3	3	6
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	3	6	9	-	3	-	-	-	3	3	6
Total Debt	180	2,712	2,892	-	179	-	-	170	192	2,521	2,713

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

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

Cabonne Council

Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	104	122
b. Engineering and Supervision	-	-
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	66	-
b. Maintenance expenses	14	57
- Mains		
c. Operation expenses	147	-
d. Maintenance expenses	5	116
- Reservoirs		
e. Operation expenses	36	-
f. Maintenance expenses	4	33
- Pumping Stations		
g. Operation expenses (excluding energy costs)	36	-
h. Energy costs	24	-
i. Maintenance expenses	4	80
- Treatment		
j. Operation expenses (excluding chemical costs)	89	-
k. Chemical costs	10	-
l. Maintenance expenses	21	138
- Other		
m. Operation expenses	49	-
n. Maintenance expenses	-	98
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	415	469
b. Plant and equipment	69	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,093	1,113

Cabonne Council

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

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

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	297	253
b. Usage charges	379	412
7. Non-residential charges		
a. Access (including rates)	65	59
b. Usage charges	128	138
8. Extra charges	-	-
9. Interest income	95	113
10. Other income	9	13
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	12	13
c. Other grants	-	-
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	10	36
13. Total income	995	1,037
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	(98)	(76)
15a. Operating Result (less grants for acquisition of assets)	(98)	(76)

Cabonne Council

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

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

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	434	531
b. New Assets for Growth	-	-
c. Renewals	8	-
d. Plant and equipment	13	-
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	455	531
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	965	1,109
b. Residential (unoccupied, ie. vacant lot)	68	68
c. Non-residential (occupied)	160	173
d. Non-residential (unoccupied, ie. vacant lot)	9	3
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 22,006	\$ 23,452

Cabonne Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<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"/>			
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"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2014/15 (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.

Cabonne Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,993	-	2,993
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	13	7	20
c. User Charges	519	20	539
d. Other	42	-	42
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	24,572	24,572
b. Plant and equipment	-	820	820
34. Other assets	-	-	-
35. Total assets	3,567	25,419	28,986
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	57	-	57
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	57	-	57
41. NET ASSETS COMMITTED	3,510	25,419	28,929
EQUITY			
42. Accumulated surplus			11,364
43. Asset revaluation reserve			17,565
44. TOTAL EQUITY			28,929
Note to system assets:			
45. Current replacement cost of system assets			45,463
46. Accumulated current cost depreciation of system assets			(20,891)
47. Written down current cost of system assets			24,572

Cabonne Council

Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	620	162
b. Engineering and Supervision	-	244
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	138	-
b. Maintenance expenses	32	81
- Pumping Stations		
c. Operation expenses (excluding energy costs)	148	2
d. Energy costs	19	25
e. Maintenance expenses	20	162
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	297	-
g. Chemical costs	26	-
h. Energy costs	57	-
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	31	303
- Other		
l. Operation expenses	11	-
m. Maintenance expenses	-	92
3. Depreciation expenses		
a. System assets	543	-
b. Plant and equipment	191	782
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	2,133	1,853

Cabonne Council

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

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

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	1,208	1,143
7. Non-residential charges		
a. Access (including rates)	183	179
b. Usage charges	49	45
8. Trade Waste Charges		
a. Annual Fees	7	8
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	80	64
11. Other income	6	10
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	1,374	3,329
b. Grants for pensioner rebates	25	26
c. Other grants	94	-
13. Contributions		
a. Developer charges	64	98
b. Developer provided assets	-	-
c. Other contributions	15	73
14. Total income	3,105	4,975
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	972	3,122
16a. Operating Result (less grants for acquisition of assets)	(402)	(207)

Cabonne Council

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

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

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,452	223
c. Renewals	-	-
d. Plant and equipment	25	10
18. Repayment of debt		
a. Loans	177	92
b. Advances	3	3
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	1,657	328
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,257	1,849
b. Residential (unoccupied, ie. vacant lot)	110	189
c. Non-residential (occupied)	181	269
d. Non-residential (unoccupied, ie. vacant lot)	18	17
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 46,082	\$ 45,637

Cabonne Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<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"/>
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"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2014/15 (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.

Cabonne Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	11	-	11
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,172	-	2,172
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	26	111	137
c. User Charges	836	-	836
d. Other	334	7	341
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	39,295	39,295
b. Plant and equipment	-	1,949	1,949
35. Other assets	-	-	-
36. Total Assets	3,379	41,362	44,741
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	83	-	83
39. Borrowings			
a. Loans	190	2,518	2,708
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	273	2,518	2,791
42. NET ASSETS COMMITTED	3,106	38,844	41,950
EQUITY			
42. Accumulated surplus			25,499
44. Asset revaluation reserve			16,451
45. TOTAL EQUITY			41,950
Note to system assets:			
46. Current replacement cost of system assets			50,418
47. Accumulated current cost depreciation of system assets			(11,123)
48. Written down current cost of system assets			39,295

Cabonne Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2015

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

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

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings										
	Council Offices / Administration Centres	137	17	17	3,178	0%	0%	89%	11%	0%
	Council Works Depot	153	10	10	2,247	15%	28%	43%	14%	0%
	Council Public Halls	756	36	17	2,970	2%	0%	36%	62%	0%
	Houses	39	1	1	284	0%	0%	70%	30%	0%
	Museums	321	12	1	2,755	57%	12%	7%	24%	0%
	Sports Grounds	136	16	16	2,528	28%	36%	28%	8%	0%
	Childcare Centres	43	-	-	1,691	0%	38%	58%	4%	0%
	Amenities/Toilets	-	12	12	926	85%	0%	15%	0%	0%
	Bushfire	76	-	-	2,610	53%	34%	5%	8%	0%
	Pools	10	12	12	1,291	16%	49%	34%	1%	0%
	Saleyards	4	-	-	9	0%	0%	0%	100%	0%
	Health Centres	15	3	3	3,530	80%	8%	12%	0%	0%
	Caravan Parks	39	4	4	408	10%	33%	32%	25%	0%
	Quarry	86	-	-	470	7%	0%	53%	40%	0%
	Aged Units	99	-	-	1,995	56%	0%	33%	11%	0%
	Water/Sewer	-	7	7	428	86%	7%	7%	0%	0%
	Showgrounds	382	64	4	1,750	33%	0%	25%	41%	1%
	Other	42	3	1	131	0%	0%	0%	100%	0%
	sub total	2,338	197	105	29,201	34.3%	15.3%	32.8%	17.5%	0.1%
Other Structures										
	Other Structures	-	-	-	4,882	61%	21%	13%	5%	0%
	sub total	-	-	-	4,882	61.0%	21.0%	13.0%	5.0%	0.0%

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Roads										
	Sealed Roads	553	985	1,621	103,472	23%	66%	10%	1%	0%
	Unsealed Roads	2,215	1,235	1,275	14,116	2%	40%	44%	14%	0%
	Bridges	2,546	375	1	45,062	59%	35%	4%	2%	0%
	Footpaths	51	331	18	4,078	26%	49%	24%	1%	0%
	Kerb and Gutter	219	125	7	7,111	10%	50%	38%	2%	0%
	Road Structure	48	5	-	1,160	59%	22%	16%	3%	0%
	sub total	5,632	3,056	2,922	174,999	30.4%	54.6%	12.7%	2.4%	0.0%
Water Supply Network										
	Treatment Plants	368	193	120	2,078	33%	67%	0%	0%	0%
	Water Connections	290	110	98	10,701	28%	43%	29%	0%	0%
	Bores	12	38	35	231	38%	56%	6%	0%	0%
	Pumping Station/s	12	56	37	222	10%	26%	64%	0%	0%
	Reservoirs/Dams	117	111	124	10,042	0%	16%	84%	0%	0%
	Telemetry	68	24	5	160	80%	20%	0%	0%	0%
	sub total	867	532	419	23,434	16.7%	33.4%	49.9%	0.0%	0.0%
Sewerage Network										
	Mains	630	267	171	18,523	62%	37%	1%	0%	0%
	Pumping Station/s	257	204	215	3,666	43%	31%	26%	0%	0%
	Treatment Works	258	344	387	6,325	74%	17%	8%	1%	0%
	Telemetry	118	46	6	28	18%	82%	0%	0%	0%
	sub total	1,263	861	779	28,542	62.2%	31.8%	5.8%	0.2%	0.0%

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Stormwater Drainage	Rural Culverts	-	-	-	44,861	71%	26%	2%	1%	0%
	Urban Culverts	-	-	1	6,666	24%	57%	16%	3%	0%
	sub total	-	-	1	51,527	64.9%	30.0%	3.8%	1.3%	0.0%
Open Space/ Recreational Assets	Swimming Pools	-	-	-	2,421	90%	0%	0%	10%	0%
	sub total	-	-	-	2,421	90.0%	0.0%	0.0%	10.0%	0.0%
	TOTAL - ALL ASSETS	10,100	4,646	4,226	315,006	39.2%	42.3%	15.2%	3.3%	0.0%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). Infrastructure Asset Condition Assessment "Key"

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

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) ⁽¹⁾	8,728	120.19%	105.85%	108.43%
Depreciation, Amortisation & Impairment	7,262			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	10,100	3.18%	3.18%	3.27%
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	317,483			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	4,226	0.91	1.57	0.83
Required Asset Maintenance	4,646			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	12,618	1.27	1.87	1.26
Annual Depreciation	9,936			

Notes

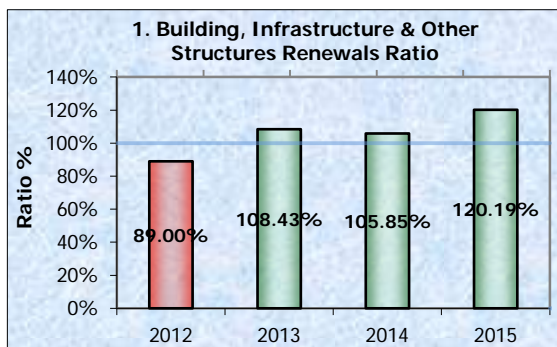
⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015



Benchmark: — Minimum $\geq 100.00\%$

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

Purpose of Asset Renewals Ratio

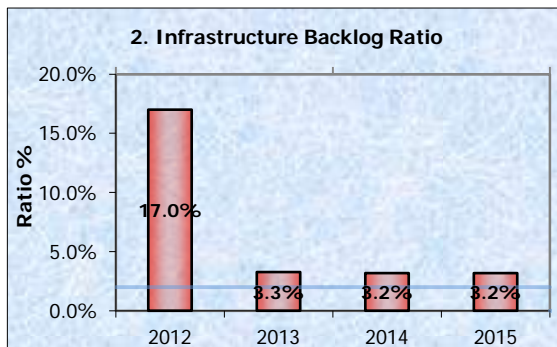
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2014/15 Result

2014/15 Ratio 120.19%

A pleasing result for Council. This ratio shows that Council is spending in excess of the requirements set by the Department for renewal of assets.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Maximum < 0.02

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

Purpose of Infrastructure Backlog Ratio

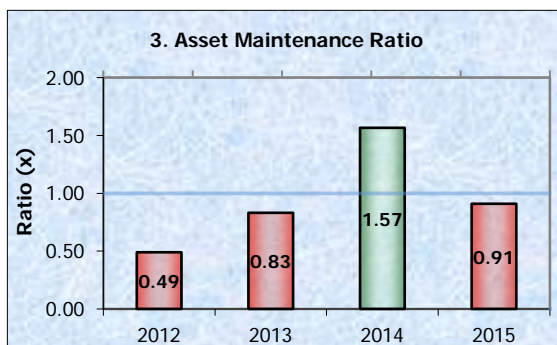
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2014/15 Result

2014/15 Ratio 3.18%

Council has maintained this ratio in the last 3 years and is endeavouring to reduce the ratio within the benchmark, in conjunction with Council's asset management plans.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.00

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

Purpose of Asset Maintenance Ratio

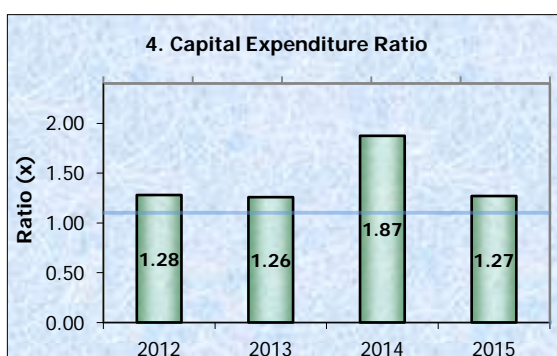
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

Commentary on 2014/15 Result

2014/15 Ratio 0.91 x

Council has only fallen slightly below the benchmark, but is continuing to ensure that it meets the asset maintenance benchmarks, and investing funds to stop the infrastructure backlog to grow.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.10

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

Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2014/15 Result

2014/15 Ratio 1.27 x

Council once again has reached the benchmark for this ratio. Council is committed to expanding its capital expenditure.

Ratio is within Benchmark
Ratio is outside Benchmark

Cabonne Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund			
1. Building, Infrastructure & Other Structures Renewals Ratio			
Asset Renewals			
(Building, Infrastructure & Other Structures) ⁽²⁾	74.83%	73.15%	127.45%
Depreciation, Amortisation & Impairment			
prior period:	124.50%	3.64%	115.07%
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	3.65%	4.34%	3.01%
prior period:	3.16%	0.65%	3.53%
3. Asset Maintenance Ratio			
Actual Asset Maintenance			
Required Asset Maintenance	0.79	0.90	0.93
prior period:	3.14	1.40	1.49
4. Capital Expenditure Ratio			
Annual Capital Expenditure			
Annual Depreciation	0.94	2.01	1.23
prior period:	1.13	0.30	2.07

Notes

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

⁽²⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽³⁾ Written Down Value

Cabonne Council

Special Schedule No. 9 - Permissible Income Calculation for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	9,316	9,314
Plus or minus Adjustments ⁽²⁾	b	(182)	13
Notional General Income	c = (a + b)	9,134	9,327
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	210	224
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	9,344	9,551
plus (or minus) last year's Carry Forward Total	l	(14)	4
less Valuation Objections claimed in the previous year	m	(12)	-
sub-total	n = (l + m)	(26)	4
Total Permissible income	o = k + n	9,318	9,555
less Notional General Income Yield	p	9,314	9,549
Catch-up or (excess) result	q = o - p	4	6
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	4	6

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

**INDEPENDENT AUDITOR'S REPORT
PERMISSIBLE GENERAL INCOME OF CABONNE COUNCIL**

Scope

We have audited the special purpose financial report comprising the reconciliation of total permissible general income of Cabonne Council for 2015-'16.

The Council is responsible for the preparation and presentation of the report in accordance with a directive of the Chief Executive, Office Local Government, Department of Premier and Cabinet. We have conducted an independent audit of the report in order to express an opinion on its preparation and presentation.

The report has been prepared for the Office of Local Government in the Department of Premier and Cabinet for the purpose of ensuring compliance by the Council with its financial reporting requirements under the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards so as to provide reasonable assurance as to whether the report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the report. We have not examined forecasts of expenditure or the impact of present or future policy decisions on the report. These procedures have been undertaken to form an opinion as to whether, in all material respects, the report is presented fairly in accordance with the requirements of the Chief Executive, Local Government.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the reconciliation of Council's total permissible general income which shows a carry forward catch-up total for 2015-'16 of **five thousand, six hundred and twenty dollars (\$5,620)** is properly drawn up in accordance with the requirements of the Chief Executive, Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the fact that the reconciliation of total permissible general income is a special purpose financial report which has been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of the directive of the Chief Executive, Local Government, Department of Premier and Cabinet. As a result, the financial report may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the financial report was prepared.


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John O'Malley
Director

14 Sale Street
Orange
Dated: 28 October 2015