

Cabonne Council Annual Report 2010/2011



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This document has been prepared in accordance with the NSW Local Government Act 1993 (the Act) – Section 428

*- References to sections in the Act and clauses in the Regulation relate to the historical version of the Act (section 428) and the Local Government (General) Regulation 2005 Part 9, Division 7).

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- Annexure 3 – Strategic Plan (June 2010 review)

General Manager's Message

I am pleased to say that because of sound financial management, Cabonne Council has been able to weather the Global Financial Crisis and come out the other end in a stronger position than a large number of other Local Government authorities in NSW.

This fiscally responsible approach in 2010/11 enabled the Council to develop a very pro-active program of expenditure and community projects for 2011/12 without jeopardising its long term financial stability.

Sound decision-making by the current and previous Councils, together with Councillors and staff adhering to our long term financial strategies has enabled both recurrent and capital expenditures to be maintained.

It has meant that despite rising costs, Council has been able to increase spending in a number of areas identified by residents and ratepayers at a series of community consultation meetings.

These areas include roads, business development assistance, waste services, floodplain projects, sewerage projects, playground shade structures, village enhancement projects and local area improvements.

There are a number of achievements during 2010/11 that I wish to highlight, including:

- Excellent progress with the Four Towns Sewerage Scheme;
- The refurbishment and opening of a new SES headquarters at Canowindra;
- The opening of a new skate park at Canowindra and the completion of the second stage of the Molong Skate Park;
- The major refurbishment of the Eugowra Community Hall and Pre-school.
- Annual financial statements completed earlier than ever;
- Council received the Australian Local Government Award for Innovative Infrastructure for its Waluwin Community Centre – Australia's first fully integrated rural community primary care health facility;
- Rare Highly Commended Award in the A.R. Bluett Memorial Awards;
- Extensive progress with the Wellington Blayney Cabonne Strategic Alliance, with savings of more than \$1 million in 2010/11;
- Ground-breaking joint tender for new Information Technology Systems with Central Tablelands Water and Blayney and Gilgandra Councils, achieving a combined saving of more than \$400,000; and
- The continuation of Council's successful Trainee and Apprenticeship Program which is now entering its seventh year.

Council commenced a round of community focus meetings throughout the Shire, with meetings conducted in 12 towns and villages.

Issues raised at these focus meetings include roads, town maintenance, cemeteries, customer service, village enhancement, the Local Environmental Plan, weeds and waste management. All these matters have received attention in our Management Plan through additional expenditure, resources, specific focus or systems improvements.

The importance of Council's annual report in informing ratepayers, residents and other key stakeholders cannot be underestimated and I invite to you to examine this report. Should you require any further information, please feel free to contact Council's Public Officer, Mr Gerry Aguila, on (02) 6392 3221.

This report covers Council's official reporting requirements under Section 428 of the Local Government Act and ensures that Council is satisfying its statutory obligations that need to be provided to relevant Government agencies.

Cabonne's greatest strength has always been its communities and I want to place on record Council's appreciation of the wonderful efforts of so many people, particularly the hard working volunteers, who contribute so much to these vibrant communities.

Obviously people's needs and wants are unlimited, but Cabonne Council always attempts to find a balance to try to provide the highest level of service possible to all residents of Cabonne Shire.

For this Council, our motto "Working With Our Communities" is much more than a slogan.

A handwritten signature in black ink, appearing to read 'GLP Fleming', with a large, stylized loop at the beginning.

GLP Fleming
General Manager

Financial Reports

A copy of the Cabonne Council *AUDITED FINANCIAL REPORTS* General Purpose Financial Statements is attached as an annexure to this report. A copy is also available by contacting Council's Public Officer on (02) 6392 3200.

Rates and Charges Abandoned

Total rates and charges abandoned during 2010/2011	\$ 1,331.07
Water/Sewer charges abandoned during 2010/2011	\$ 3,220.65
TOTAL	\$ 4,551.72

Principal Activities

Council's Management Plan is divided into 13 Principal Activities and the performance achieved in these areas compared with the projected performance is contained in Council's Final Strategic Plan (June review) for 2010/2011 which is attached. A Final progress comment is included for each item.

Where actions have not been able to be completed in the 2010/2011 Management Plan, they have after review, if appropriate, been transferred to the 2011/2011 Management Plan.

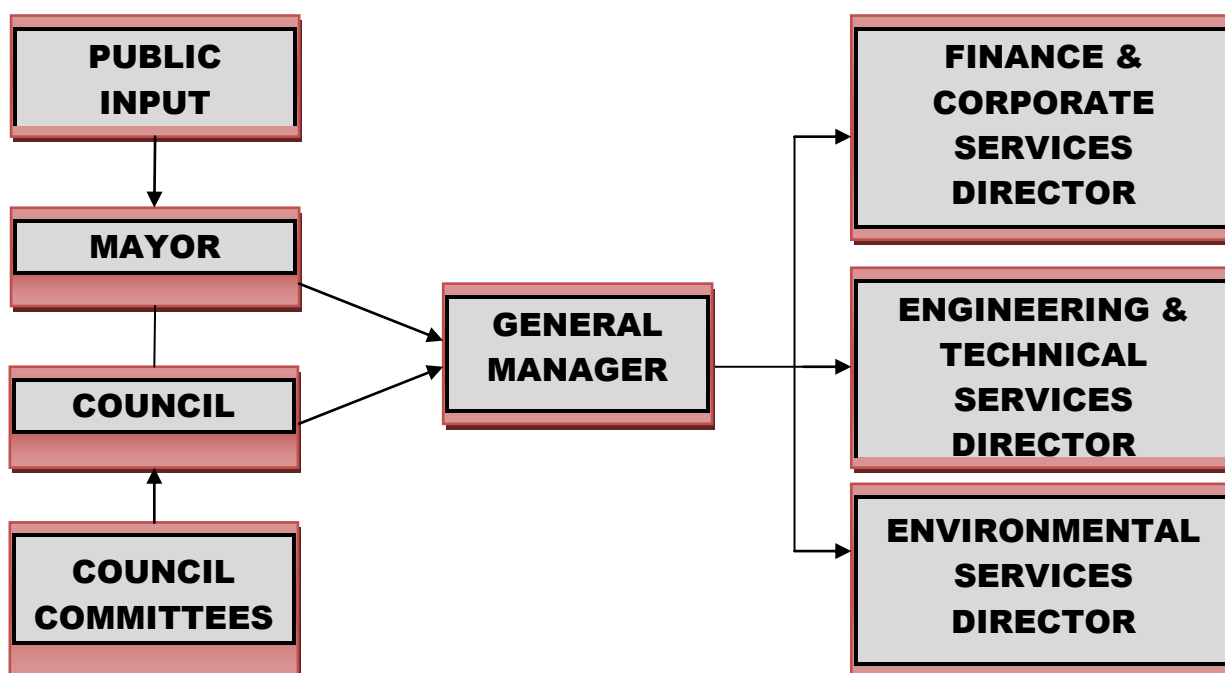
Statement of Affairs as at 30 June 2011

Structure & Functions of Council

Basis of Constitution

Cabonne Council is constituted under the Local Government Act, 1993. Council carries out its functions according to the principles stated in Section 8(1) of the Act.

Structure



Functions & Objectives

Council has adopted as its Vision:

“To be a progressive and innovative Council which maintains relevance through local governance to its community and diverse rural area by facilitating the provision of services to satisfy identified current and future needs”

In support of this, Council’s Functional areas and corresponding objectives are:-

1. ADMINISTRATION (including Governance) :

- To provide efficient, effective and relevant Local Governance through an open and responsive Council and Committee meeting process
- To maintain strong relationships and liaise effectively with all relevant Government agencies and other councils
- To ensure long term viability of Wellington/Blayney/Cabonne Strategic Alliance
- To provide high quality advice and support for Council’s operations and give guidance and leadership on issues
- To control and manage finances and property assets to ensure the future financial sustainability of Council
- To ensure information systems meet the business needs of Council
- To improve effectiveness of communication throughout decentralised office structure
- To manage Council building in accordance with property management standards

2. PUBLIC ORDER AND SAFETY:

- To maintain an effective and efficient local emergency system for the protection of life and property
- To respond to concerns over domestic and stock animals to ensure public safety

3. HEALTH:

- To protect the health and safety of the community
- Equitable access to health and medical services for Cabonne residents

4. ENVIRONMENT:

- To facilitate effective control of noxious weeds
- To ensure the environmental sustainability of Cabonne
- To provide and maintain systems for waste collection, recycling and disposal
- To provide high quality and environmentally sensitive drainage systems

5. COMMUNITY SERVICES AND EDUCATION:

- To facilitate childcare services to meet the needs of the community
- To facilitate a flexible and responsive service to Cabonne residents requiring Home and Community Care
- To facilitate adequate facilities for the aged to meet the needs of the community

6. HOUSING AND COMMUNITY AMENITIES:

- To maintain and manage public cemeteries
- To develop integrated land use plans to ensure the physical development of Cabonne commensurate with sustainable development principles
- To enhance the amenity of towns and villages in Cabonne

7. WATER SUPPLIES:

- To provide an affordable, adequate and secure water supply to defined areas
- Potable water supply for all Villages

8. SEWERAGE SERVICES:

- To provide and maintain environmentally sustainable, high quality sewerage facilities
- To establish one Cabonne sewer fund

9. RECREATION AND CULTURE:

- To provide library services to Cabonne residents through participation in Central West Libraries
- To provide public hall facilities relevant to the needs of residents
- To provide high quality sporting, recreational and cultural facilities
- To maintain and manage parks and gardens in the Cabonne Shire
- To maintain and manage Council owned buildings and land in the Cabonne Shire

10. MINING MANUFACTURING AND CONSTRUCTION:

- To provide an efficient and effective building assessment and advisory service
- To provide a financial return to ratepayers for Council's Limestone Quarry operation
- Operation of gravel pits to meet Council's construction and maintenance requirements

11. TRANSPORT AND COMMUNICATION:

- To provide a safe and quality urban and rural transport systems for vehicles and pedestrians
- To provide services to RTA for Regional and State road network
- To increase the level of RTA prequalification from R1
- To provide and maintain bridge structures throughout the Shire
- To maximise safety for road users and pedestrians
- To manage assets in a sustainable manner
- To ensure accessibility for all members of the community

12. ECONOMIC AFFAIRS:

- To encourage, facilitate and support the economic viability of the Cabonne region
- To promote ***Cabonne Country – Australia's Food Basket*** as a destination to visit
- To facilitate land development opportunities in Cabonne

13. GENERAL PURPOSE REVENUE:

- To maximize revenue to Council through fair and sustainable means

Effect That Council Functions Have on the Public

The Council's functions are directed towards meeting the needs and expectations of the public, which it serves, and to fulfil legislative and regulatory requirements. In fulfilling these requirements, Council makes decisions that impact the public. These include determining:

- The rating structure and the amount of rates paid by property owners
- Fees and charges levied by Council
- Development and Building applications
- Policies and procedures in the provision of services

Council Policy Development – Public Participation

Meetings of the Council and its Committees are open to the members of the public and all are welcome to attend.

In some instances Council invites submission from the public to some of its policies when they are reviewed e.g. Code of Meeting Policy and Payment of Expenses and Provision of Facilities for Mayor and Councillors Policy.

The opportunity is also offered to members of the public to address Council on matters that are within its jurisdiction. Prior arrangements should be made with the General Manager.

In addition, Council periodically holds informal meetings in towns across the Local Government Area to allow residents to raise matters of particular interest with Councillors and Senior Staff.

Business papers and minutes of Committee and Ordinary Council meetings are placed on Council's Website under "About Cabonne Council", "Council Business" www.cabonne.nsw.gov.au. Council's Management Plan, Annual Financial Statements and Annual Report can also be accessed on the website.

Types of Documents held by Council

Cabonne Council holds documents that relate to a number of different issues concerning the Cabonne area. These documents cover a wide range including; files, policy documents, general documents and legal documents.

Some of these documents may be made available to the public by either requesting them over the phone, in person or in writing. Documents that are not normally available to the public may require an access application under the Government Information (Public Access) Act 2009 to be completed in order that the release of such documents can be assessed.

Because of the wide range of files, documents, manuals etc, held by Council, it may well be that the information sought is not immediately available. Every effort will be made to comply with requests for access to information as quickly as possible.

How Members of the Public May Access Council Documents

Any Government Information (Public Access) Act 2009 inquiries or other document access inquiries should be directed to: - Council's Public Officer, Cabonne Council, Bank Street or PO Box 17, MOLONG NSW 2866. Tel: (02) 6392 3200 Fax: (02) 6392 3260 or email to council@cabonne.nsw.gov.au.

Council's reporting obligations under the Government Information (Public Access) Act 2009 and Privacy and Personal Information Protection Act 1978 are also addressed in this report.

State of the Environment Report

The Regional State of the Environment Report 2010–2011 is available as a separate document accessible through Council's website www.cabonne.nsw.gov.au. The regional report is a collaborative project facilitated through a partnership between local government and the Central West Catchment Management Authority.

Condition of Public Works

The condition of Public Works infrastructure for 2010/2011 has been reported in accordance with the status of the infrastructure data collection required by AAS27, and bearing in mind the limitations as detailed in the previous section associated with performance in principal activities.

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2011.

- Estimate of cost to bring to satisfactory standard

Council completed "fair value" evaluation of its Water and Sewer asset in 2011. The results of this valuation are reported in Special Schedules and establish the cost to bring to a satisfactory standard.

- Estimated Annual Maintenance Expense

This figure as outlined in Special Schedule report is based on the predicted maintenance vote for the upcoming financial year.

- Maintenance program for 2010/2011

These figures as outlined in Special Schedules report relate to the maintenance and repair costs for the various assets finalized in the 2010/2011 statements. Improvement items have not been included in these figures.

Water and Sewerage Schemes

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2011.

Public Roads and Bridges

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2011.

This register includes all regional and local roads within the Local Government Area. Currently there are some 210km of sealed regional road, 1258km of unsealed gravel local road and 567km of sealed local road that have been inspected, recorded and evaluated both in terms of service condition and replacement value.

Urban roads (including laneways) are defined by all road reserves within the townships and villages that are zoned 2(v) under the Environmental Planning and Assessment Act, 1979. Roads beyond this zoning are classified as rural local or rural regional. Council also maintains some 167 kilometres of state road (RTA controlled) under the SIC agreement between Council and RTA.

- Data Collection

Road asset data collected to date includes the full inspection and condition rating of both rural and urban, local and regional roads throughout the Local Government Area. The full condition rating and data collection was performed according to Council policy.

Council Roads Assets have undergone “fair value” re-evaluation in 2010/2011.

Council’s Road Asset Register identifies rural roads by number and name and is segmented by surface type and condition as well as by intersections and bridge locations.

- Condition Rating

The condition rating systems used in the evaluation of road assets was based on that as presented in Infrastructure Management Guidelines.

The Road Asset Group is rated from ‘as new’ to ‘very poor’ or ‘for replacement’.

- Depreciation

Depreciation rates are disclosed against each category of rate in the Special Schedule report.

- Level of Service Considerations and a Satisfactory Condition

In more recent times Council has considered road asset condition data to aid in policy development and the definition of service levels for the road network. Whilst the existing level of service is considered to be below a desirable level, Council will continue to extend the sealed road network whilst still having regard for the existing sealed roads.

Council’s draft Roads Asset Management Plan establishes a road hierarchy and associated levels of service. The AMP will also provide Council with financial consideration.

- Bridges on Local Roads

Council is the custodian of 106 bridges and major culverts on local roads which it is required to fund itself. All but six (6) of these structures are new steel or reinforced concrete structures. The remaining timber structures are:

1. “Toms Waterhole” – Longs Corner Road
2. “Germaines” – Bocobora Road
3. “Orana” – Paling Yards Loop
4. “Bangaroo” – Cabonne/Cowra
5. “Stock route” – Eugowra
6. “Bagdad” – Bagdad road

“Toms Waterhole” is listed for replacement in 2011/2011 along with culvert widening and alignment improvement at ‘The Gap’ on Packham Way between Molong and Manildra.

Some existing steel and concrete bridges identified in the 2010/10 condition rating also require replacement:

1. “Cottons” Gumble Road Manildra
2. “Marlybone” Davys Plain Road Cudal
3. “Back Creek” Euchareena Road Molong

4. "Washpen" Dundong Road Yeoval

- Bridges on Regional Roads

Council is also responsible for a further 12 bridges on regional roads which are funded by the RTA of these structures the following projects have been identified as priority replacements:

- "Murrays Bridge" on the Banjo Patterson Way north of Cumnock towards Yeoval is underway and will be completed this financial year. When "Murrays" is complete there will be only two (2) remaining timber bridges on regional roads
- "Douglas Bridge" between Eugowra and Canowindra will also be replaced on 2011/2011
- "Hanover Bridge" between Cumnock and Yeoval is listed for future replacement when RTA funds are available. Significant road realignment will also be required and as for "Murrays Bridge" funding over at least three (3) financial years will be necessary

Stormwater Drainage Systems

Council has a drainage asset register which records all drainage assets under the operation and maintenance of Cabonne Council. This register includes all pipes, culverts and channels within the urban areas. All drainage assets have been inspected, recorded and evaluated both in terms of service condition and replacement value. Drainage assets within Cabonne Council make up a relatively small portion of the infrastructure operated and maintained by Council. In general the stormwater systems in the Council's seven villages are in a satisfactory condition, however there are signs of deterioration. Council's Stormwater Drainage Management plan involves all of the Cabonne villages and is subject to annual review.

Council's 2010/2011 Management Plan includes a program for stormwater improvements funded from the levy. The Urban Stormwater Works Service Levy program identifies projects through to 2012/2013 and is reviewed annually.

Council commenced work on projects identified in the Urban Stormwater Works Service levy in 2007. The Urban Stormwater Levy is included in the Cabonne's Annual Budget which is part of Council's Management Plan.

Data Collection

The data collected in 2007 was recorded on Microsoft Excel and MapInfo and a review commenced on 2010/2011.

Major Stormwater improvements were completed in 2008/2010 in Molong with funding assistance for State and Federal Government. Stormwater improvements in Iceworks Lane, Molong followed and will continue on 2011/2011.

Condition Rating

The condition rating systems used in the evaluation of drainage assets in 1997 was based on the RTA's ROCOND 90 and has since been converted to that as specified in the Special Schedules report.

The following tables summarise the estimated costs to bring Council's public works assets to a satisfactory standard. They also provide a summary of estimated annual maintenance expenses and programmed maintenance works.

Cost of Legal Proceedings

Debt recovery: All debt recovery proceedings are either finalised or proceeding in accordance with Councils debt recovery procedures.	\$20,823.58
Investment	\$218.38
Legal Advice (not proceeding to court)	0.00
Total	\$21,041.96
Legal Proceedings	\$3,906.00
Public Liability claims	0.00
Employment Advice	0.00
Total	\$3,906.00

Legal Action Against Council

With the exception of sundry public liability claims, there was only one matter –v- Cabonne Council before the Small Claims Court (Orange), which resulted in a decision against Council. Settlement was made for \$12,000 including costs.

There were no Land & Environment Court actions involving council in the past year.

Policy on the provision of facilities for use by Councillors and the payment of Councillors Expenses

Council's policy on the provision of facilities and payment of expenses is available for perusal on contacting the Public Officer of Council, and is annexed.

Overseas visits Funded by Council

During the period, Council did not fund any overseas visits.

Mayoral/Councillors Fees and Total amount of money expended on the Provision of Facilities and Payment of Councillor Expenses

Mayoral allowance	\$ 20,889.96
Councillors Fees & Allowances	\$114,005.79
Councillor Expenses:	
Provision of office equipment to Councillors	\$ 205.91
• Telephone Calls	\$ 299.00
• Attendance of Councillors at conferences & seminars	\$ 10,814.54
• Councillor Training	\$ 1,654.74
• Travelling	\$ 36,406.84
• Interstate Visits	Nil
• Overseas Visits	Nil
• Expenses of spouses/partners	Nil
• Carers Expenses	Nil
• Meals	\$ 13,824.00
• Miscellaneous (stationery, uniform, name tags, internet)	\$ 1,956.62
• Insurance	\$ 2,120.00
Total	\$ 202,177.40

Senior Staff Employment

Cabonne Council employs one (1) position as senior staff, that being the General Manager.

Remuneration Package Break-up as at the 30th June 2011

General Manager - GLP Fleming					
Salary component	Bonus Payment, Performance or other payments that do not form part of salary component	Total Superannuation (salary sacrifice and employer contribution)	Total value non-cash benefits	Total payable fringe benefit tax for non-cash benefits	Total Contract
Included in Contract	\$6,472	Included in Contract	Nil	Included in Contract	\$244,137

Contracts Awarded

Detail of contracts awarded (for contract amounts greater than \$150,000).

Name)	Good or Service supplied	Total contract amount
Colemans Earthmoving	Reconstruction of Waldegrave Road (contract 224645)	\$ 189,800.00
Fulton Hogan	Sprayed Bituminous Sealing contract 2011 – 2013 (contract 226113)	\$4,132,950.00
Safe Roads	Provision for safety fencing on Cargo Road Orange	\$449,900.00
A Dwyer	Purchased approximately 9 hectares of land for the purpose of a Sewerage Treatment Plant Cumnock	\$151,000.00
Mack Trucks	Three (3) Mack Granite MP8 Tipping Trucks	\$675,000.00
M and S Truck Bodies	Provide Three (3) Dog Trailers	\$208,500.00
IT Vision	Provide and supply an integrated implementation and ongoing maintenance for Council's Corporate IT System	\$206,114.00

Bush fire hazard reduction activities - Canobolas Zone Rural Fire Service (RFS) Annual Report

Bush fire hazard reduction activities in the Cabonne Council LGA are undertaken by the Rural Fire Service. The Canobolas Zone 2010/2011 Annual Report is now available on the Canobolas Zone webpage. This information can be accessed and downloaded for your information from the following website:

<http://www.canobolas.rfs.nsw.gov.au/> via "Publications" – "Annual Reporting & Planning".

Programs for Diverse Cultural and Linguistic Backgrounds

Frontline administrative staff cater for all sections of the community, including those from diverse cultural and linguistic backgrounds. Council has adopted a Social Plan detailing specific strategies to address the needs of this group. Contact numbers for the telephone interpreter service are held at each of Council's offices.

Council's Community Services section takes care to ensure that the special needs of clients from diverse cultural and linguistic backgrounds are taken into account in the provision of services.

Council conducts regular Citizenship Ceremonies in accordance with the Australian Citizenship Act 2007 and seeks to welcome participants as full Australian Citizens recognising their cultural contributions to our Society. Ceremony proceedings are conducted when required and reflect the significance and dignity of the occasion. In 2010/2011 one (1) resident became an Australian citizen at a ceremony organised by Council.

Activities to develop and promote service and programs that provide for the needs of children

Cabonne Council's Family Links service has continued to promote services for children, with a special emphasis upon identifying and assisting children and families under stress and those with additional needs.

This has included extension of playgroup facilities, support to encourage families to attend these, and the holding of Teddy Bears Picnics.

Family Links has been working closely with Orange and District Early Education Program to provide additional support sessions for children in Cabonne.

Council's Family Day Care Service recruited new carers and targeted provision of services to the areas of most need.

Access and Equity

During 2010/2011 Council made significant progress in improving physical access to Council assets and equitable service provision to all people in the Cabonne LGA.

Significant works to improve disability access has been included in Councils budget and includes the continuing implementation of Council's Pedestrian Access and Mobility Plan (PAMP) with funding support from the RTA, with key areas of high use targeted for improvements to their accessibility. Achievements from the plan this year have included improved access to Cargo School from the road surface and upgrade of foot paths in Ferguson Street Canowindra.

Flood damage has resulted in damage to footpaths and walkways at Cumnock and Molong and these are still to be repaired.

As recommended by its Social Plan, Council has made a budget allocation for accessibility of \$45,000 for improvement of access in Cabonne towns and villages in the 2010/2011 financial year.

Council's Social Plan also recommended that Council continue to maintain and develop a range of Community Transport Services for older people and this has been followed up with an increased number of bus and individual trips being arranged many of which were for people with functional disabilities.

Private Works carried out under s67 of the Local Government Act

During 2010/2011, Council carried out private works, the expenditure on which totalled \$114,521 for general private work and \$3,170 for Noxious Weeds. None of these works were subsidised under s67 of the Local Government Act, 1993.

Expenditure Under s356

Miscellaneous Financial Assistance	\$26,507.00
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Human Resource Activities/Development Appraisal Systems/Training Programs

The Local Government (State) Award 2010 provides for each Council to establish and properly maintain a Consultative committee which provides a forum for consultation between Council and its employees. The Committee comprises representatives from Council, Management, office and field staff.

During 2010/2011 the Cabonne Consultative Committee met on 5 occasions to discuss matters relating to Human Resource Activities and made recommendations to Council, specifically the restructure of the Engineering and Technical services section and the introduction of a new Drug and alcohol policy.

Council has a Development Appraisal System in place where all staff are reviewed annually. As a result of the review the tasks required in the position are assessed along with the staff member's skills, knowledge and ability to undertake the job. Goals are determined for the following 12 months and training requirements identified for each staff member.

External training arrangements were undertaken by staff during 2010/2011. In addition, in-house training was also provided to staff whose positions were of a nature which enabled on-the-job instruction.

Council continued to dedicate a significant amount of the training budget to Occupational Health and Safety related programs during the 2010/2011 financial year. The major areas for training included Traffic Control, Working near Overhead Powerlines, Chainsaw Operation, Confined Spaces, Senior First Aid, Microsoft Software Applications (Word & Excel) and Performance Appraisal Training for Supervisors and Managers. A total of 15 staff have continued to study for qualifications under the Productivity Placement Program, with qualifications ranging from Certificate III to Diploma level.

A number of professional development activities, seminars, and workshops were also attended by both indoor and outdoor staff to ensure they were kept up to date with current trends and changes in their areas of expertise.

Council continues to support apprenticeships, traineeships and scholarships with its involvement in the Wellington, Blayney & Cabonne Strategic Alliance.

Council also supports a Work Experience program for local school students, coordinated through the school's Careers Advisor.

Equal Employment Opportunity Management Plan

The statement of activities that have been completed in the EEO Management plan are;

- Ensuring that all employees and councillors are aware of their responsibilities regarding EEO
- Position Description have been reviewed for accountabilities to EEO principles as a core competency
- All advertisements are checked by the HR manager prior to going to press to ensure compliance to EEO principles and free from bias
- All interview panel members are reminded of their responsibilities under EEO prior to interviews, ensuring that all questions are relevant to the positions and based on the position specification
- Ensuring that all appointments are made on merit.
- Induction sessions are held, and all new employees are made aware of Council's EEO and Bullying & Harassment policies.

Delegation to Committees

Council delegates the care, control and management of a number of its responsibilities to Community Committees under s377 of the Local Government Act, 1993. A list of these committees and their principal activities is detailed below. Council reviews its delegation annually, in accordance with the Local Government Act.

SECTION 355 COMMITTEES	WORK, PROPERTY OR UNDERTAKING
Acacia Lodge Management Committee	Molong Community Housing
Age of Fishes Museum Committee	Age of Fishes Museum
Amusu Theatre Heritage Trust Inc	Amusu Theatre
Canowindra Beautification Committee	Canowindra Court House & Beautification of Canowindra
Canowindra Pre-School Kindergarten Inc	Canowindra Pre-School Building
Canowindra Sports Trust	Canowindra Sports Complex
Cargo Community Centre Committee	Cargo Community Centre
Cudal Community Children's Centre Committee	(Pre-School) Cudal Community Children's Centre
Cudal Homes for Aged Persons Committee	Boree Lodge
Cumnock & District Progress Association	Crossroads Building Obley St Cumnock

Cudal Memorial Pool Committee	Cudal Memorial Swimming Pool
Cumnock Community Centre Committee	Cumnock Community Centre
Cumnock Pool Committee	Cumnock Swimming Pool
Doctor for Cudal Committee	Doctors Residence – Cudal
Eugowra Community Children’s Centre and Preschool Committee	Eugowra Community Centre & Preschool
Eugowra Medical Centre Committee	Doctors Residence & Surgery - 47 Nanima St Eugowra
Eugowra Memorial Pool Committee	Eugowra Memorial Swimming Pool
Eugowra Promotion & Progress Association	Eugowra Historical Museum & Bushranger Centre
Eugowra Self Care Units Committee	Eugowra Self Care Units
Manildra Memorial Hall Committee	Manildra Memorial Hall
Manildra Memorial Pool Committee	Manildra Memorial Swimming Pool
Manildra Sports Council	Manildra Sports Complex
Molong & District Health Watch Committee	Molong Doctor’s Surgery
Molong Town Beautification Committee	Beautification Projects in & around Molong
Moorbel Hall Committee	Moorbel Hall Canowindra
Yeoval Memorial Hall Management Committee	Yeoval Memorial Hall
Yeoval Pool Committee	Yeoval Swimming Pool
Yeoval Progress Association	O’Halloran’s Cottage and Buckinbah Park.

Statement of companies in which Council holds a controlling interest

Cabonne Council does not hold a controlling interest in any company.

Statement of Partnerships, Co-operatives and Joint Ventures to which Council is a party

- Statewide Insurance Group - bulk purchase of Public Liability, Professionals Indemnity, Motor Vehicle and Fidelity Guarantee Insurance.
- Central West Regional Organisation of Councils (CENTROC).
- Central West Libraries - comprising Cabonne, Orange, Blayney, Forbes and Cowra Councils.
- Southern Phone Company – shareholder.
- Wellington Blayney Cabonne Strategic Alliance.

Business Activities

Category 1- Businesses

Nil

Category 2 – Businesses

Cabonne Council Combined Water Supplies

Cabonne Council Combined Sewerage Supplies

Cabonne Council Agricultural Lime Quarry

Cabonne Council Private Works

Competitive Neutrality Policy

Council has identified several businesses that are considered to be significant in the local context as a business activity under the principles of neutrality. To ensure Council meets its obligation regarding competitive neutrality Council has implemented several processes. The process involves applying full cost attribution where practicable to ensure that the integrity of apportioning costs is on an accurate and reliable basis.

Cabonne Council has disclosed, by way of notes to and forming part of the financial statement, information pertaining to their full cost attribution that includes taxation equivalent, council subsidies, loan and debt guarantee fees, rate of return on investment and dividends paid.

It is envisaged that Council will continue to monitor and develop these methods for applying full cost attribution to ensure that Council adheres to the Government's requirements regarding competitive neutrality pricing requirement.

As there are no category 1 business activities in which Council is involved there has been no need to apply competitive neutrality pricing requirements.

Complaint Handling Mechanism

A Complaint Handling Mechanism has been established including anti-competitive behaviour and is incorporated into Council's Policy Document which is available on Council's website. Council is not aware of any Competitive Neutrality complaints made against Council during the reporting year.

Comparison of actual Stormwater management services with projected stormwater management services proposed in the management plan

Construction of a reinforced concrete box drain along Iceworks Lane, Molong was completed in this reporting period. The drain replaces an open unformed drain in the laneway from Gidley Street easterly approximately 100m.

Statement of activities in relation to Companion Animals Management and guidelines on the exercise of functions under the companion animals act

- 1. Lodgement of pound data collection returns with the department**
A return of Council seizures of cats and dogs for 2010/2011 was completed and returned to the Department of Local Government by 30th September 2011.
- 2. Lodgement of data relating to dog attacks with the department**
There were three dog attacks registered with the department in the 2010/11 financial year.
- 3. Amount of funding spent relating to companion animal management and activities**
The amount of \$140,313 was spent on companion animal management and activities in the 2010/11 financial year.
- 4. Companion animal community education programs carried out**
Nil
- 5. Strategies council has in place to promote and assist the desexing of dogs and cats**
At this stage, only the brochures supplied by the Department of Local Government are available at Council's offices.
- 6. Strategies in place to comply with the requirement under section 64 (Companion Animals Act) to seek alternatives to euthanasia for unclaimed animals**
Council delivers unclaimed animals to the RSPCA to be re-homed. Cabonne Council is also in the process of developing a new animal management plan.
- 7. Off leash areas provided in council area**
No areas currently available as off leash area but will be addressed in the new animal management plan.
- 8. Details financial information on the use of companion animals fund money for management and control of companion animals in the area**
The amount of \$5,056 companion animal fund money was received for 2010/2011 year and went towards Ranger salary, animal shelter maintenance and operating costs.

Report on special variation expenditure if required to do so by the instrument made by the minister

There was no requirement to report on this matter.

Freedom of Information Requirements

There were nil Freedom of Information outstanding applications from the 2009 – 2010 year.

Government Information (Public Access) Act 2009

The Government Information (Public Access) Act 2009 came into effect on 1 July 2010. Council received nil formal applications in the 2010 - 2011 year.

Council's GIPA annual return was submitted as required.

Privacy and Personal Information Protection Act

In accordance with Section 33(3) of the Privacy and Personal Information Protection Act 1978, a statement must be included in a Council's Annual Report relating to the action taken by Council in complying with the requirements of that Act.

Cabonne Council adopted a Model Privacy Management Plan in July 2000. Council programmed training for key staff in relation to the Plan and the applicable Privacy Codes of Practice.

No reviews were conducted as provided for under Part 5 of the Privacy and Personal Information Protection Act, 1998 during the period under consideration.

As requested by the NSW Privacy Commission, Council hereby confirms that applicants seeking access to their personal information will not be charged a fee.

Planning Agreements

Council did not enter into any planning agreements during 2010-2011.

Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

*“...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 2011

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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 specified in Paragraph 8 of the LGA and includes;

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

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

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

(iv) These financial statements were authorised for issue by the Council on 19/09/11.
Council has the power to amend and reissue the financial statements.

Cabonne Council

General Purpose Financial Statements for the financial year ended 30 June 2011

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 2011.

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 NSW Division 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. An Income Statement

A summary of 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. A Statement of Comprehensive Income

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

3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

4. A Statement of Changes in Equity

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

5. A 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 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 Division of Local Government.

More information...

A summary of the key financial figures for the past 5 years can be found at Note 27 of the Financial Statements.

Cabonne Council

General Purpose Financial Statements for the financial year ended 30 June 2011

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:

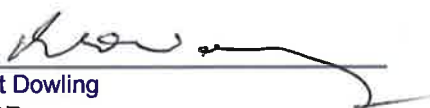
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 19 September 2011.



Robert Dowling
MAYOR



Ian Gosper
COUNCILLOR



Graeme Fleming
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement

for the financial year ended 30 June 2011

Budget ⁽¹⁾ 2011 \$ '000		Notes	Actual 2011	Actual 2010
Income from Continuing Operations				
Revenue:				
10,703	Rates & Annual Charges	3a	10,649	10,302
3,865	User Charges & Fees	3b	6,794	6,594
1,369	Interest & Investment Revenue	3c	1,825	1,640
2,223	Other Revenues	3d	1,664	1,632
7,062	Grants & Contributions provided for Operating Purposes	3e,f	10,909	9,125
6,658	Grants & Contributions provided for Capital Purposes	3e,f	3,630	3,188
Other Income:				
-	Net gains from the disposal of assets	5	268	420
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
31,880	Total Income from Continuing Operations		35,739	32,901
Expenses from Continuing Operations				
10,373	Employee Benefits & On-Costs	4a	10,696	10,652
48	Borrowing Costs	4b	115	145
7,772	Materials & Contracts	4c	6,195	5,960
7,632	Depreciation & Amortisation	4d	9,128	8,365
-	Impairment	4d	644	-
864	Other Expenses	4e	2,673	2,293
26,689	Total Expenses from Continuing Operations		29,451	27,415
5,191	Operating Result from Continuing Operations		6,288	5,486
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
5,191	Net Operating Result for the Year		6,288	5,486
5,191	Net Operating Result attributable to Council		6,288	5,486
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,467)			2,658	2,298

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

Cabonne Council

Statement of Comprehensive Income

for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
<hr/>			
Net Operating Result for the year (as per Income statement)		6,288	5,486
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	4,147	144,541
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(2,812)	-
Other Movements in Reserves	20b (ii)	(7)	33
		<hr/>	<hr/>
Total Other Comprehensive Income for the year		1,328	144,574
		<hr/>	<hr/>
Total Comprehensive Income for the Year		7,616	150,060
		<hr/>	<hr/>
Total Comprehensive Income attributable to Council		7,616	150,060
Total Comprehensive Income attributable to Minority Interests		-	-
		<hr/>	<hr/>

Cabonne Council

Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	32,807	26,232	27,456
Investments	6b	1,743	2,125	1,788
Receivables	7	4,768	5,709	5,520
Inventories	8	1,385	1,289	1,493
Other	8	20	149	214
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		40,723	35,504	36,471
Non-Current Assets				
Investments	6b	-	-	-
Receivables	7	496	714	566
Inventories	8	162	162	-
Infrastructure, Property, Plant & Equipment	9	424,137	420,106	221,457
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
Other	8	241	220	193
Total Non-Current Assets		425,036	421,202	222,216
TOTAL ASSETS		465,759	456,706	258,687
LIABILITIES				
Current Liabilities				
Payables	10	4,022	2,465	2,813
Borrowings	10	71	101	120
Provisions	10	3,392	3,461	3,261
Total Current Liabilities		7,485	6,027	6,194
Non-Current Liabilities				
Payables	10	-	-	-
Borrowings	10	682	753	851
Provisions	10	1,477	1,427	1,375
Total Non-Current Liabilities		2,159	2,180	2,226
TOTAL LIABILITIES		9,644	8,207	8,420
Net Assets		456,115	448,499	250,267
EQUITY				
Retained Earnings	20	276,572	270,291	216,600
Revaluation Reserves	20	179,543	178,208	33,667
Council Equity Interest		456,115	448,499	250,267
Minority Equity Interest		-	-	-
Total Equity		456,115	448,499	250,267

Cabonne Council

Statement of Changes in Equity
for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		274,222	178,208	452,430	-	452,430
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	(3,931)	-	(3,931)	-	(3,931)
Revised Opening Balance (as at 1/7/10)		270,291	178,208	448,499	-	448,499
c. Net Operating Result for the Year		6,288	-	6,288	-	6,288
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	4,147	4,147	-	4,147
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(2,812)	(2,812)	-	(2,812)
- Other Movements	20b (ii)	(7)	-	(7)	-	(7)
Other Comprehensive Income		(7)	1,335	1,328	-	1,328
Total Comprehensive Income (c&d)		6,281	1,335	7,616	-	7,616
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		276,572	179,543	456,115	-	456,115

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		216,600	33,667	250,267	-	250,267
a. Correction of Prior Period Errors	20 (c)	51,877	-	51,877	-	51,877
b. Changes in Accounting Policies (prior year effects)	20 (d)	(3,931)	-	(3,931)	-	(3,931)
Revised Opening Balance (as at 1/7/09)		264,546	33,667	298,213	-	298,213
c. Net Operating Result for the Year (as per Last Year's Audited Accounts)		5,712	-	5,712	-	5,712
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	144,541	144,541	-	144,541
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	33	-	33	-	33
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		33	144,541	144,574	-	144,574
Total Comprehensive Income (c&d)		5,745	144,541	150,286	-	150,286
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		270,291	178,208	448,499	-	448,499

Cabonne Council

Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
Cash Flows from Operating Activities				
Receipts:				
10,703	Rates & Annual Charges		10,620	10,144
3,864	User Charges & Fees		8,842	6,466
1,369	Investment & Interest Revenue Received		1,606	1,269
13,722	Grants & Contributions		15,569	12,225
2,223	Other		1,579	3,881
Payments:				
(10,366)	Employee Benefits & On-Costs		(10,831)	(10,510)
(7,772)	Materials & Contracts		(5,667)	(6,942)
(48)	Borrowing Costs		(116)	(92)
(863)	Other		(3,650)	(3,939)
-	Adjustment of Section 355 Committees on Balance Sheet		(2,123)	33
12,832	Net Cash provided (or used in) Operating Activities	11b	15,829	12,535
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		500	-
245	Sale of Real Estate Assets		114	-
-	Sale of Infrastructure, Property, Plant & Equipment		1,088	1,222
-	Deferred Debtors Receipts		103	-
Payments:				
(18,275)	Purchase of Infrastructure, Property, Plant & Equipment		(10,937)	(14,169)
-	Purchase of Real Estate Assets		(21)	-
-	Deferred Debtors & Advances Made		-	(1)
(18,030)	Net Cash provided (or used in) Investing Activities		(9,153)	(12,948)
Cash Flows from Financing Activities				
Receipts:				
1,793	Proceeds from Borrowings & Advances		-	-
Payments:				
(85)	Repayment of Borrowings & Advances		(101)	(117)
1,708	Net Cash Flow provided (used in) Financing Activities		(101)	(117)
(3,490)	Net Increase/(Decrease) in Cash & Cash Equivalents		6,575	(530)
28,252	plus: Cash & Cash Equivalents - beginning of year	11a	26,232	26,762
24,762	Cash & Cash Equivalents - end of the year	11a	32,807	26,232
Additional Information:				
	plus: Investments on hand - end of year	6b	1,743	2,125
	Total Cash, Cash Equivalents & Investments		34,550	28,357

Please refer to Note 11 for more information.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

Under Australian Accounting Standards (AASB's), 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,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Because Australian Accounting Standards (AASB's) 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 Australian Accounting Standards.

(iii) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

Council's accounting policies have been changed due to the immaterial nature of the Section 355 Committees.

The Balances of these committees are now disclosed in Note 1. It was only practical to change the prior year and current years figures.

Apart from the above changes, there have also been no changes in accounting policies when compared with previous financial statements.

(v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(b) Revenue recognition

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 been established. Unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(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 30/6/11) and (ii) all the related operating results (for the financial year ended the 30th June 2011).

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

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

(i) The Consolidated Fund

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

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

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

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

The following Committees, the transactions of which are considered immaterial either by amount or nature have been excluded:

- Acacia Lodge Management Committee
- Cudal Homes for Aged Persons Committee
- Eugowra Self Care Units Committee
- Age of Fishes Museum Committee
- Amusu Theatre Heritage Trust Inc

- Eugowra Community Children's Centre Committee
- Cudal Community Children's Centre Committee
- Canowindra Preschool Kindergarten Inc
- Canowindra Sports Trust
- Manildra Sports Council
- Cargo Community Centre Committee
- Cumnock Community Centre
- Manildra Memorial Hall Committee
- Yeoval Memorial Hall Committee
- Moorbel Hall Committee
- Cudal Memorial Pool Committee
- Cumnock Pool Committee
- Eugowra War Memorial Pool Committee
- Manildra Memorial Pool Committee
- Yeoval Pool Committee
- Eugowra Medical Centre Committee
- Molong & District Health Watch
- Doctor for Cudal Committee
- Eugowra Promotion and Progress Association Inc
- Cumnock & District Progress Association Inc
- Yeoval Progress Association
- Canowindra Beautification Committee
- Molong Town Beautification Committee

The total revenue and expenditure from continuing operations and the net assets held by these committees is as follows:

Total income from continuing operations	\$818,031.84
Total expenditure from continuing operations	\$718,852.12
Total net assets held (ie Equity)	\$1,016,946.67

(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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(iii) Joint Ventures

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

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

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) Types of Investments

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

Investments are placed and managed in accordance with the Policy and having particular regard to

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

authorised investments prescribed under the Ministerial Local Government Investment Order.

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

When a receivable for which an impairment allowance had been recognised becomes 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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Inventories held in respect of stores have been valued using the weighted average cost on a continual basis, after adjustment for loss of service potential.

Work in progress and finished goods in respect of business undertakings are stated at the lower of cost and net realisable value.

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

Council's non current assets have been progressively re valued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

Council has been unable revalue it's Community Land in the 2011 Financial Year as per the Division of Local Government's guidelines due to unforeseen circumstances beyond Council's control. Council's community land assets will re valued at fair value in the 2012 financial year.

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

- **Investment Properties** – refer Note 1(p),
- **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**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (as approximated by depreciated historical cost)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

remaining reserve attributable to the asset, 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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Transport Assets

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

Depreciation

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

Land is not depreciated.

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

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	50 years
- Sealed Roads : Structure	50 years
- Unsealed roads	50 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	70 years

Water & Sewer Assets

- Dams and reservoirs	100 years
- Bores	30 years
- Reticulation pipes : PVC	40 to 80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	10 to 70 years

Other Infrastructure Assets

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

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

Disposal and De-recognition

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

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

(k) Land

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(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 basis over periods generally ranging from 3 to 5 years.

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

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

of which the fire fighting equipment has been purchased or constructed".

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

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

(p) Investment property

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 every 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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 disclosed as a borrowing cost in Note 4(b).

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

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

(s) Impairment of assets

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

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

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

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

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

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

- 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 expected to be settled within the 12 months after the reporting period.

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

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

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

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

(ii) Other Long Term Obligations

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

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

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) Defined 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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The last valuation of the scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February, 2010 and covers the period ended 30 June, 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2011 a deficit still exists. Effective from 1 July, 2009, employers were required to contribute at twice the “notional” or long term cost for a period of up to ten years in order to rectify this deficit. The share of this deficit that can be broadly attributed to the employer was estimated to be in the order of \$ 1,135,198 as at 30 June 2011.

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.

Define Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/11.

(y) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity.

Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

(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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

liability is classified as current even if not expected to be settled within the next 12 months.

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not

mandatory for reporting periods ending 30 June 2011.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

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

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

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

None

Not applicable to Local Government per se;

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

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures.

It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

(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 2011

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 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Governance	-	-	-	-	1,285	-	-	(1,285)	-	-	-	29,412	227,525
Administration	372	997	1,589	2,421	5,614	5,678	(2,049)	(4,617)	(4,089)	27	5	13,639	12,951
Public Order & Safety	297	431	684	855	805	1,130	(558)	(374)	(446)	279	543	3,526	3,715
Health	161	116	136	429	498	502	(268)	(382)	(366)	-	50	3,755	3,830
Environment	2,341	3,212	2,003	2,259	2,876	2,451	82	336	(448)	1,759	598	5,194	-
Community Services & Education	1,821	1,350	1,450	1,874	1,492	1,563	(53)	(142)	(113)	1,088	1,140	1,332	1,376
Housing & Community Amenities	373	280	464	1,185	834	689	(812)	(554)	(225)	1	213	3,199	5,140
Water Supplies	1,139	807	1,114	1,057	994	995	82	(187)	119	180	41	24,489	20,559
Sewerage Services	5,431	3,003	2,798	1,522	1,635	1,652	3,909	1,368	1,146	1,432	1,335	34,731	28,734
Recreation & Culture	596	504	437	1,995	1,594	1,528	(1,399)	(1,090)	(1,091)	404	284	16,764	14,604
Mining, Manufacturing & Construction	1,024	1,277	1,242	1,125	1,039	874	(101)	238	368	-	-	1,906	2,030
Transport & Communication	4,755	9,826	7,787	10,876	10,084	9,683	(6,121)	(258)	(1,896)	2,650	925	323,492	131,976
Economic Affairs	596	355	534	1,091	701	670	(495)	(346)	(136)	28	18	4,320	4,266
Total Functions & Activities	18,906	22,158	20,238	26,689	29,451	27,415	(7,783)	(7,293)	(7,177)	7,848	5,152	465,759	456,706
General Purpose Income ¹	12,974	13,581	12,663	-	-	-	12,974	13,581	12,663	4,135	3,811	-	-
Operating Result from Continuing Operations	31,880	35,739	32,901	26,689	29,451	27,415	5,191	6,288	5,486	11,983	8,963	465,759	456,706

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 2011

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

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, RTA works, other.

ECONOMIC AFFAIRS

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		2,290	2,254
Farmland		4,356	4,173
Mining		1,372	1,326
Business		148	142
Total Ordinary Rates		8,166	7,895
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		645	619
Water Supply Services		239	202
Sewerage Services		1,193	1,201
Waste Management Services (non-domestic)		321	301
Section 611 Charges		5	5
Other		80	79
Total Annual Charges		2,483	2,407
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>10,649</u>	<u>10,302</u>

Council has used 2007 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 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		297	431
Sewerage Services		98	120
Total User Charges		395	551
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Discretionary Fees - Other		349	400
Planning & Building Regulation		212	256
Private Works - Section 67		139	396
Waste Management		168	-
Other		-	103
Total Fees & Charges - Statutory/Regulatory		868	1,155
(ii) Fees & Charges - Other(incl. General User Charges (per s.610C))			
Cemeteries		39	65
Lease Rentals		78	77
Recycling Income (Non Domestic)		85	71
RTA Charges (State Roads not controlled by Council)		5,329	4,675
Total Fees & Charges - Other		5,531	4,888
TOTAL USER CHARGES & FEES		6,794	6,594

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		72	49
- Interest earned on Investments (interest & coupon payment income)		1,624	1,245
- Interest & Dividend Income - Other		11	9
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		118	337
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,825</u>	<u>1,640</u>

Interest Revenue is attributable to:

Unrestricted Investments/Financial Assets:

Overdue Rates & Annual Charges	72	49
General Council Cash & Investments	1,280	957

Restricted Investments/Funds - External:

Development Contributions		
- Section 94	32	23
Water Fund Operations	131	132
Sewerage Fund Operations	124	130
Domestic Waste Management operations	72	75
Other Externally Restricted Assets	114	274

Total Interest & Investment Revenue Recognised	1,825	1,640
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(d). Other Revenues

Rental Income - Other Council Properties	72	83
Legal Fees Recovery - Rates & Charges (Extra Charges)	10	2
Commissions & Agency Fees	174	49
Diesel Rebate	59	151
Insurance Claim Recoveries	47	85
Limestone Quarry & Gravel Pits	1,155	1,084
Sale of Materials	19	45
Superannuation refund	-	1
HACC Other Income	34	-
Fire Protection	24	-
Swimming Pool	25	-
Other	45	132
<u>TOTAL OTHER REVENUE</u>	<u>1,664</u>	<u>1,632</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,235	2,040	-	-
Financial Assistance - Local Roads Component	1,806	1,677	-	-
Pensioners' Rates Subsidies - General Component	94	94	-	-
Total General Purpose	4,135	3,811	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	13	13	-	-
- Sewerage	30	31	-	-
- Domestic Waste Management	39	40	-	-
Water Supplies	47	28	121	-
Sewerage Services	-	-	1,402	1,304
Aged Care	-	15	-	-
Bushfire & Emergency Services	-	315	279	228
Community Care	1,088	1,125	-	-
Community Centres	-	-	104	-
Cycleways	-	-	-	93
Employment & Training Programs	61	23	-	-
Floodplan Management	31	213	-	-
Heritage & Cultural	16	-	-	-
Library	47	46	-	-
Molong Health One	-	-	-	50
Noxious Weeds	1,189	386	-	-
Recreation & Culture	-	135	100	-
RLCIP	-	-	131	151
Street Lighting	36	35	-	-
Town Planning	-	23	-	-
Transport (Roads to Recovery)	526	890	-	-
Natural Disaster	2,088	-	-	-
Molong Gasworks	-	-	500	-
Other	-	6	-	2
Total Specific Purpose	5,211	3,324	2,637	1,828
Total Grants	9,346	7,135	2,637	1,828
Grant Revenue is attributable to:				
- Commonwealth Funding	4,804	5,031	131	-
- State Funding	4,542	2,104	2,506	1,828
	9,346	7,135	2,637	1,828

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	43	75	-	-
Total Developer Contributions ¹⁷	43	75	-	-
Other Contributions:				
Bushfire Services	71	123	29	10
Community Services	-	33	-	-
Flood Contributions	-	13	-	-
Health Centre (Waluwin)	81	29	-	20
Home & Community Care (HACC)	74	63	-	-
Recreation & Culture	8	85	36	70
Roads & Bridges	114	78	105	3
RTA Contributions (Regional/Local, Block Grant)	949	856	636	1,139
RTA Cycleway	-	-	-	46
Sewerage (excl. Section 64 contributions)	5	-	24	9
Water Supplies (excl. Section 64 contributions)	-	272	73	10
WBC Alliance Income	136	159	69	31
Weeds	-	36	-	-
Rural Fire Service	23	-	-	-
Child Care	15	-	-	-
Other	44	168	21	22
Total Other Contributions	1,520	1,915	993	1,360
Total Contributions	1,563	1,990	993	1,360
TOTAL GRANTS & CONTRIBUTIONS	10,909	9,125	3,630	3,188

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2011	Actual 2010
(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	3,389	4,411
add: Grants and contributions recognised in the current period which have not been spent:	3,618	1,056
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(1,647)	(2,078)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	1,971	(1,022)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	5,360	3,389
Comprising:		
- Specific Purpose Unexpended Grants	2,311	1,609
- Developer Contributions	591	543
- Other Contributions	2,458	1,237
	5,360	3,389

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		7,989	7,988
Travelling		312	265
Employee Leave Entitlements (ELE)		1,573	1,693
Superannuation		1,214	1,240
Workers' Compensation Insurance		589	716
Fringe Benefit Tax (FBT)		19	4
Training Costs (other than Salaries & Wages)		225	150
Other		51	41
Total Employee Costs		11,972	12,097
less: Capitalised Costs		(1,276)	(1,445)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>10,696</u>	<u>10,652</u>
Number of "Equivalent Full Time" Employees at year end		172	172
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		57	64
Interest on Advances		1	2
Other Debts		-	25
Total Interest Bearing Liability Costs		58	91
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		58	91
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	57	54
Total Other Borrowing Costs		57	54
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>115</u>	<u>145</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Materials & Contracts			
Raw Materials & Consumables		6,070	5,906
Contractor & Consultancy Costs		48	5
Auditors Remuneration			
- Audit Services: Council's Auditor		31	29
- Other Services: Council's Auditor		16	-
Legal Expenses:			
- Legal Expenses: Planning & Development		4	6
- Legal Expenses: Other		21	12
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽¹⁾		5	2
Total Materials & Contracts		6,195	5,960
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		6,195	5,960
1. Operating Lease Payments are attributable to:			
- Computers		5	2
		5	2

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,239	2,186
Office Equipment		-	-	235	202
Furniture & Fittings		-	-	46	54
Land Improvements (depreciable)		-	-	106	100
Buildings - Non Specialised		-	-	7	7
Buildings - Specialised		-	-	869	851
Other Structures		-	-	97	75
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,432	3,859
- Stormwater Drainage		-	-	93	50
- Water Supply Network		-	-	460	447
- Sewerage Network		-	-	482	480
Other Assets					
- Other		644	-	10	3
Asset Reinstatement Costs	9 & 26	-	-	52	51
Total Depreciation & Impairment Costs		644	-	9,128	8,365
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		644	-	9,128	8,365

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		71	84
Bad & Doubtful Debts		299	15
Contributions/Levies to Other Levels of Government		209	155
Councillor Expenses - Mayoral Fee		21	20
Councillor Expenses - Councillors' Fees		114	111
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		61	73
Donations, Contributions & Assistance to other organisations (Section 356)		297	307
Electricity & Heating		317	276
External Plant Hire		368	390
Insurance		270	252
Postage		41	27
Printing & Stationery		74	83
Street Lighting		100	90
Subscriptions & Publications		27	22
Telephone & Communications		157	126
Valuation Fees		67	101
Health Centre (Waluwin)		78	-
Other		102	161
Total Other Expenses		2,673	2,293
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>2,673</u>	<u>2,293</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
Property (excl. Investment Property)			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold / Written Off		-	(19)
Net Gain/(Loss) on Disposal		-	(19)
Plant & Equipment			
Proceeds from Disposal		1,088	1,222
less: Carrying Amount of P&E Assets Sold		(864)	(783)
Net Gain/(Loss) on Disposal		224	439
Real Estate Assets Held For Sale			
Proceeds from Disposal		114	-
less: Carrying Amount of Real Estate Assets Sold		(70)	-
Net Gain/(Loss) on Disposal		44	-
Financial Assets*			
Proceeds from Disposal / Redemptions		500	-
less: Carrying Amount of Financial Assets Sold / Redeemed		(500)	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		268	420

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,618	-	307	-
Cash-Equivalent Assets ¹					
- Deposits at Call		30,189	-	25,675	-
- Short Term Deposits		-	-	250	-
Total Cash & Cash Equivalents		32,807	-	26,232	-
Investment Securities (Note 6b)					
- CDO's		1,743	-	2,125	-
Total Investment Securities		1,743	-	2,125	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		34,550	-	28,357	-

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"	32,807	-	26,232	-
---	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	1,743	-	2,125	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"					
	6(b-ii)	-	-	-	-
c. "Loans & Receivables"					
	6(b-iii)	-	-	-	-
d. "Available for Sale"					
	6(b-iv)	-	-	-	-
Investments		1,743	-	2,125	

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 6b. Investments (continued)

	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
\$ '000				
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	2,125	-	1,788	-
Revaluations (through the Income Statement)	118	-	337	-
Disposals (sales & redemptions)	(500)	-	-	-
Balance at End of Year	1,743	-	2,125	-
Comprising:				
- CDO's	1,743	-	2,125	-
Total	1,743	-	2,125	-

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

Nil

Note 6(b-iii)**Reconciliation of Investments classified as "Loans & Receivables"**

Nil

Note 6(b-iv)**Reconciliation of Investments classified as "Available for Sale"**

Nil

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	34,550	-	28,357	-
attributable to:				
External Restrictions (refer below)	11,708	-	9,921	-
Internal Restrictions (refer below)	15,654	-	13,904	-
Unrestricted	7,188	-	4,532	-
	34,550	-	28,357	-

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	25	-	-	25
RTA Advances (B)	173	-	-	173
External Restrictions - Included in Liabilities	198	-	-	198

External Restrictions - Other

Developer Contributions - General (D)	543	75	(27)	591
RTA Contributions (E)	717	9,778	(8,530)	1,965
Specific Purpose Unexpended Grants (F)	1,609	702	-	2,311
Water Supplies (G)	3,534	-	(88)	3,446
Sewerage Services (G)	1,803	234	-	2,037
Domestic Waste Management (G)	997	299	(629)	667
Other	520	92	(119)	493
External Restrictions - Other	9,723	11,180	(9,393)	11,510
Total External Restrictions	9,921	11,180	(9,393)	11,708

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	2,846	8	(151)	2,703
Infrastructure Replacement	-	726	-	726
Employees Leave Entitlement	1,187	269	(260)	1,196
Capital Works	6,280	2,781	(1,821)	7,240
Housing	165	2	-	167
Land Development	104	159	(161)	102
Limestone Quarry	666	214	(28)	852
Office Equipment	1,014	524	(210)	1,328
Sewerage	12	5	-	17
Waste Management	482	299	(114)	667
Community Services	-	42	-	42
Recreation & Culture	-	329	(64)	265
Environment	-	89	(1)	88
Roadworks	-	258	(3)	255
Other	1,148	-	(1,142)	6
Total Internal Restrictions	13,904	5,705	(3,955)	15,654
TOTAL RESTRICTIONS	23,825	16,885	(13,348)	27,362

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by the Roads and Traffic Authority for works on the State's classified roads.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RTA 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 2011

Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,116	281	1,057	179
Interest & Extra Charges		64	-	55	-
User Charges & Fees		383	18	349	8
Private Works		29	-	1,144	
Accrued Revenues					
- Interest on Investments		239	-	147	-
Government Grants & Subsidies		2,501	-	2,781	-
Deferred Debtors		-	193	67	229
Loans to Non Profit Organisations		52	100	-	-
Debtors to Local Bodies		-	42	-	-
Net GST Receivable		-	-	181	-
Debtors Quarry		206	21	-	-
State Cover - Workers Compensation		131	-	-	-
WBC Alliance		35	-	-	-
NSW Rural Fire Service		125	-	-	-
Other Debtors		245	31	73	298
Total		5,126	686	5,854	714
less: Provision for Impairment					
Rates & Annual Charges		-	(172)	(40)	-
User Charges & Fees		(358)	(18)	(105)	-
Total Provision for Impairment - Receivables		(358)	(190)	(145)	-
<u>TOTAL NET RECEIVABLES</u>		<u>4,768</u>	<u>496</u>	<u>5,709</u>	<u>714</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		-	-	25	-
- Rates & Availability Charges		378	18	342	8
- Other		14	-	2	4
Sewerage Services					
- Specific Purpose Grants		863	-	1,698	-
- Rates & Availability Charges		797	82	793	24
- Other		-	-	13	31
Domestic Waste Management		8	-	-	-
Total External Restrictions		2,060	100	2,873	67
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		2,708	396	2,836	647
TOTAL NET RECEIVABLES		4,768	496	5,709	714

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 7. Receivables (continued)

Notes on Debtors:

- (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 9.00% (2010 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.

Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		863	162	912	162
Stores & Materials		522	-	377	-
Total Inventories		1,385	162	1,289	162
Other Assets					
Prepayments		20	-	149	-
Shares in Unlisted Companies - StateCover		-	241	-	220
Total Other Assets		20	241	149	220
TOTAL INVENTORIES / OTHER ASSETS		1,405	403	1,438	382

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets (continued)

\$ '000	2011		2010	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	743	107	812	107
Industrial/Commercial	120	55	100	55
Total Real Estate for Resale	863	162	912	162
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	500	120	549	120
Development Costs	363	42	363	42
Total Real Estate for Resale	863	162	912	162
Movements:				
Real Estate assets at beginning of the year	912	162	912	162
- Purchases and other costs	21	-	-	-
- WDV of Sales (exp) 5	(70)	-	-	-
Total Real Estate for Resale	863	162	912	162

(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;

	2011	2010
Real Estate for Resale	550	544
	550	544

(c) Inventories recognised as an expense for the year

Nil

(d) Inventory Write Downs

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

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010				Asset Movements during the Reporting Period									as at 30/6/2011			
	At	At	Acc.	Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	Impairment Loss (recognised in Equity)	Impairment Reversal (via Equity)	Adjustments & Transfers	Other Movements	Revaluation Increments to Equity (ARR)	At	At	Acc.	Carrying
	Cost	Fair Value	Dep'n	Value										Cost	Fair Value	Dep'n	Value
Capital Work in Progress	2,805	-	-	2,805	2,377	-	-	(383)	-	-	-	-	-	4,799	-	-	4,799
Plant & Equipment	-	35,207	20,397	14,810	3,200	(862)	(2,239)	-	-	-	-	-	-	-	36,438	21,529	14,909
Office Equipment	-	2,124	1,407	717	206	(2)	(235)	-	-	-	-	-	-	-	2,317	1,631	686
Furniture & Fittings	-	660	423	237	42	-	(46)	-	-	-	-	-	-	-	702	469	233
Land:																	
- Operational Land	-	4,988	-	4,988	-	-	-	-	-	-	160	-	-	-	5,148	-	5,148
- Community Land	186	-	-	186	-	-	-	-	-	-	-	-	-	-	186	-	186
Land Improvements - non depreciable	1,071	-	-	1,071	-	-	-	-	-	-	-	-	-	-	1,071	-	1,071
Land Improvements - depreciable	2,630	-	1,227	1,403	86	-	(106)	-	-	-	(160)	1	478	-	3,555	1,853	1,702
Buildings - Non Specialised	-	340	26	314	-	-	(7)	-	-	-	-	-	-	-	340	33	307
Buildings - Specialised	-	41,026	19,341	21,685	353	-	(869)	-	-	-	(420)	-	-	-	39,099	18,350	20,749
Other Structures	3,062	-	1,126	1,936	284	-	(97)	-	-	-	421	(91)	2,397	-	9,573	4,723	4,850
Infrastructure:																	
- Roads, Bridges, Footpaths	-	247,197	85,454	161,743	3,482	-	(4,432)	-	(2,812)	2,116	-	-	-	-	249,983	89,886	160,097
- Bulk Earthworks (non-depreciable)	-	161,783	-	161,783	771	-	-	-	-	-	-	-	-	-	162,554	-	162,554
- Stormwater Drainage	-	7,077	2,010	5,067	103	-	(93)	-	-	-	-	-	-	-	7,182	2,105	5,077
- Water Supply Network	-	41,972	22,739	19,233	350	-	(460)	-	-	-	-	-	594	-	43,663	23,946	19,717
- Sewerage Network	-	32,935	11,453	21,482	51	-	(482)	-	-	-	-	-	678	-	34,041	12,312	21,729
Other Assets:																	
- Other	300	-	29	271	-	-	(10)	(261)	-	-	-	-	-	-	-	-	-
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																	
- Tip Asset	288	-	275	13	-	-	(1)	-	-	-	-	-	-	-	287	275	12
- Quarry Asset	657	-	295	362	-	-	(51)	-	-	-	-	-	-	-	657	346	311
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	10,999	575,309	166,202	420,106	11,305	(864)	(9,128)	(644)	(2,812)	2,116	1	(90)	4,147	4,799	596,796	177,458	424,137

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000 Class of Asset	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP		-	-	-	17	-	-	17
Plant & Equipment	-	3,229	2,184	1,045	-	3,174	2,119	1,055
Land								
- Operational Land	-	141	-	141	-	141	-	141
- Community Land	-	44	-	44	44	-	-	44
- Improvements - depreciable	-	28	4	24	29	-	3	26
Infrastructure	-	43,097	23,718	19,379	-	41,418	22,527	18,891
Total Water Supply	-	46,539	25,906	20,633	90	44,733	24,649	20,174
Sewerage Services								
WIP	4,799	-	-	4,799	2,789	-	-	2,789
Plant & Equipment	-	5,938	3,394	2,544	-	5,695	3,219	2,476
Land								
- Operational Land	-	254	-	254	-	254	-	254
- Community Land	-	10	-	10	10	-	-	10
- Improvements non-depreciable	-	999	-	999	999	-	-	999
- Improvements - depreciable	-	977	540	437	977	-	491	486
Buildings	-	200	20	180	-	200	15	185
Infrastructure	-	34,040	12,311	21,729	-	32,935	11,453	21,482
Total Sewerage Services	4,799	42,418	16,265	30,952	4,775	39,084	15,178	28,681
Domestic Waste Management								
Plant & Equipment	-	303	123	180	-	303	94	209
Land								
- Operational Land	-	245	-	245	-	245	-	245
- Community Land	-	100	-	100	-	100	-	100
- Improvements - depreciable	-	244	38	206	-	244	25	219
Buildings	-	7	-	7	-	7	-	7
Other Assets	-	168	15	153	-	168	9	159
Total DWM	-	1,067	176	891	-	1,067	128	939
TOTAL RESTRICTED I,PP&E	4,799	90,024	42,347	52,476	4,865	84,884	39,955	49,794

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

(i) Impairment Losses recognised in the Income Statement

- Other Assets impaired at 30/06/2011	(261)	-
- WIP Assets impaired at 30/06/2011	(383)	-
Total Impairment Losses	(644)	-
IMPAIRMENT of ASSETS - GAINS/(LOSSES)	(644)	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		3,544	-	2,040	-
Payments Received In Advance		117	-	90	-
Accrued Expenses:					
- Borrowings		5	-	6	-
Security Bonds, Deposits & Retentions		336	-	315	-
Other		20	-	14	-
Total Payables		4,022	-	2,465	-
Borrowings					
Loans - Secured ¹		65	664	94	729
Government Advances		6	18	7	24
Total Borrowings		71	682	101	753
Provisions					
Employee Benefits;					
Annual Leave		934	-	924	-
Long Service Leave		2,458	141	2,537	149
Sub Total - Aggregate Employee Benefits		3,392	141	3,461	149
Asset Remediation/Restoration (Future Works)	26	-	1,336	-	1,278
Total Provisions		3,392	1,477	3,461	1,427
Total Payables, Borrowings & Provisions		7,485	2,159	6,027	2,180

(i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	123	-	96	-
Sewer	134	813	115	986
Other	173	-	-	-
Other	-	-	173	-
Liabilities relating to externally restricted assets	430	813	384	986
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	430	813	384	986

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 2011

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

\$ '000	2011	2010
(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	2,458	2,537
	2,458	2,537

Note 10b. Description of and movements in Provisions

Class of Provision	2010	2011				Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	924	608	(599)	1	-	934
Long Service Leave	2,686	238	(315)	(10)	-	2,599
Asset Remediation	1,278	57	-	1	-	1,336
TOTAL	4,888	903	(914)	(8)	-	4,869

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	32,807	26,232
BALANCE as per the STATEMENT of CASH FLOWS		32,807	26,232
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		6,288	5,486
Adjust for non cash items:			
Depreciation & Amortisation		9,128	8,365
Net Losses/(Gains) on Disposal of Assets		(268)	(420)
Non Cash Capital Grants and Contributions		(279)	(228)
Impairment Losses Recognition - I,PP&E		644	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		(118)	(337)
Derecognition of Section 355 Committees / Asset Impairment		(2,123)	-
Unwinding of Discount Rates on Reinstatement Provisions		-	53
Net Loss/(Gain) on Council Restructure/Amalgamations (excl. Cash)		-	33
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		653	(153)
Increase/(Decrease) in Provision for Doubtful Debts		403	1
Decrease/(Increase) in Inventories		(145)	27
Decrease/(Increase) in Other Assets		108	(207)
Increase/(Decrease) in Payables		1,504	(342)
Increase/(Decrease) in accrued Interest Payable		(1)	-
Increase/(Decrease) in other accrued Expenses Payable		-	-
Increase/(Decrease) in Other Liabilities		54	48
Increase/(Decrease) in Employee Leave Entitlements		(77)	209
Increase/(Decrease) in Other Provisions		58	-
NET CASH PROVIDED FROM/(USED IN)		15,829	12,535
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		15,829	12,535

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		279	228
Total Non-Cash Investing & Financing Activities		279	228
(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		12	12
Total Financing Arrangements		462	462
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		2	2
Total Financing Arrangements Utilised		2	2

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 2011

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
(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		1,148	1,583
Plant & Equipment		218	582
Total Commitments		1,366	2,165
These expenditures are payable as follows:			
Within the next year		1,366	2,165
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		1,366	2,165
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,213	1,208
Unexpended Grants		153	957
Total Sources of Funding		1,366	2,165
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		1,715	1,399
Audit Services		32	59
Regional Waste Facility		50	50
Total Commitments		1,797	1,508
These expenditures are payable as follows:			
Within the next year		466	329
Later than one year and not later than 5 years		1,331	1,105
Later than 5 years		-	74
Total Payable		1,797	1,508

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
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(c) Finance Lease Commitments

Nil

(d) Operating Lease Commitments (Non Cancellable)

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

Within the next year	3	2
Later than one year and not later than 5 years	5	-
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	8	2

b. Non Cancellable Operating Leases include the following assets:

Photocopier for Family Day Care

Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year	598	696
Later than one year and not later than 5 years	517	670
Later than 5 years	-	-
Total Payable	1,115	1,366

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 20102009	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	26,405	5.74 : 1	7.41	5.99
Current Liabilities less Specific Purpose Liabilities ^(2,3)	4,597			
2. Debt Service Ratio				
Debt Service Cost	159	0.63%	0.74%	0.71%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	25,335			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	10,649	29.80%	30.52%	27.68%
Income from Continuing Operations	35,739			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	1,289	10.76%	10.92%	10.20%
Rates, Annual & Extra Charges Collectible	11,982			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	7,537	118.82%	124.57%	114.57%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	6,343			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

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

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

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

<div>1. Unrestricted Current Ratio</div> <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2008</td><td>4.24</td></tr><tr><td>2009</td><td>5.99</td></tr><tr><td>2010</td><td>7.41</td></tr><tr><td>2011</td><td>5.74</td></tr></table>	Year	Ratio : 1	2008	4.24	2009	5.99	2010	7.41	2011	5.74	<div>Purpose of Unrestricted Current Ratio</div> <div>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</div>	<div>Commentary on 2010/11 Result</div> <div>2010/11 Ratio 5.74 : 1</div> <div>Council's Unrestricted Current Ratio has reduced from the previous years showing that Council is in a strong and robust financial position, which enables Council to satisfy its debts as and when they fall due.</div>
Year	Ratio : 1											
2008	4.24											
2009	5.99											
2010	7.41											
2011	5.74											
<div>2. Debt Service Ratio</div> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>1.04%</td></tr><tr><td>2009</td><td>0.71%</td></tr><tr><td>2010</td><td>0.74%</td></tr><tr><td>2011</td><td>0.63%</td></tr></table>	Year	Ratio %	2008	1.04%	2009	0.71%	2010	0.74%	2011	0.63%	<div>Purpose of Debt Service Ratio</div> <div>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</div>	<div>Commentary on 2010/11 Result</div> <div>2010/11 Ratio 0.63%</div> <div>Council's Debt Service Ratio of .63% again is well below industry benchmarks, however this shows the capacity for Council to increase borrowing in the future. It is anticipated that Council will be drawing on loan funds for the Small Town Sewerage Scheme with in the next 12 months.</div>
Year	Ratio %											
2008	1.04%											
2009	0.71%											
2010	0.74%											
2011	0.63%											
<div>3. Rates & Annual Charges Coverage Ratio</div> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>29.80%</td></tr><tr><td>2009</td><td>27.68%</td></tr><tr><td>2010</td><td>30.52%</td></tr><tr><td>2011</td><td>29.80%</td></tr></table>	Year	Ratio %	2008	29.80%	2009	27.68%	2010	30.52%	2011	29.80%	<div>Purpose of Rates & Annual Charges Coverage Ratio</div> <div>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</div>	<div>Commentary on 2010/11 Result</div> <div>2010/11 Ratio 29.80%</div> <div>Council's Rates & Annual Charges Coverage Ratio has decreased minimally over the last financial year, but has remained steady over the last 4 years. This ratio percentage is comparable with other regional Council's with similar characteristics.</div>
Year	Ratio %											
2008	29.80%											
2009	27.68%											
2010	30.52%											
2011	29.80%											
<div>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</div> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>8.54%</td></tr><tr><td>2009</td><td>10.20%</td></tr><tr><td>2010</td><td>10.92%</td></tr><tr><td>2011</td><td>10.76%</td></tr></table>	Year	Ratio %	2008	8.54%	2009	10.20%	2010	10.92%	2011	10.76%	<div>Purpose of Rates & Annual Charges Outstanding Ratio</div> <div>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</div>	<div>Commentary on 2010/11 Result</div> <div>2010/11 Ratio 10.76%</div> <div>Council's Rates, Annual Charges, Interest & extra Charges outstanding percentage has decreased slightly over the last financial year. It is worth noting Council levied Water & Sewer rates on the 30th June 2011 with Rate payers not having the opportunity to pay their accounts.</div>
Year	Ratio %											
2008	8.54%											
2009	10.20%											
2010	10.92%											
2011	10.76%											
<div>5. Building & Infrastructure Renewals Ratio</div> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>169.10%</td></tr><tr><td>2009</td><td>114.57%</td></tr><tr><td>2010</td><td>124.57%</td></tr><tr><td>2011</td><td>118.82%</td></tr></table>	Year	Ratio %	2008	169.10%	2009	114.57%	2010	124.57%	2011	118.82%	<div>Purpose of Bldg & Infrastructure Renewals Ratio</div> <div>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</div>	<div>Commentary on Result</div> <div>2010/11 Ratio 118.82%</div> <div>The Building & Infrastructure Renewals Ratio is a pleasing result for Council. This result shows that Council is renewing its assets at a higher rate that the assets are actually depreciating.</div>
Year	Ratio %											
2008	169.10%											
2009	114.57%											
2010	124.57%											
2011	118.82%											

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Water 2011	Sewer 2011	General ¹ 2011
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	3.19 : 1	12.39 : 1	5.74 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
2. Debt Service Ratio			
Debt Service Cost	0.00%	7.04%	0.23%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	24.87%	40.57%	28.95%
Income from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	29.10%	18.32%	9.14%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	16.67%	6.65%	147.20%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

Notes

⁽¹⁾ 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 2011

Note 14. Investment Properties

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

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	32,807	26,232	32,807	27,152
Investments				
- "Held for Trading"	1,743	2,125	1,743	2,125
Receivables	5,264	6,423	5,318	6,021
Other Financial Assets	241	220	241	220
Total Financial Assets	40,055	35,000	40,109	35,518
Financial Liabilities				
Payables	3,905	2,375	3,651	2,335
Loans / Advances	753	854	753	854
Total Financial Liabilities	4,658	3,229	4,404	3,189

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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(a) Fair Value Measurements

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

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets and liabilities can be broken up into 3 distinct measurement hierarchies:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

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

The following table presents the financial assets and financial liabilities that have been measured and recognised at fair values:

2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	1,743	-	-	1,743
Total Financial Assets	1,743	-	-	1,743
2010	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	2,125	-	-	2,125
Total Financial Assets	2,125	-	-	2,125

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(b) 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 major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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.

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2011				
Possible impact of a 10% movement in Market Values	11	224	(11)	(224)
Possible impact of a 1% movement in Interest Rates	346	346	(346)	(346)
2010				
Possible impact of a 10% movement in Market Values	9	213	(9)	(213)
Possible impact of a 1% movement in Interest Rates	293	293	(293)	(293)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(c) Receivables

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

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

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

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

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

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

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

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

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	4,199	-	4,804
Past due by up to 30 days	1,116	18	1,057	149
Past due between 31 and 180 days	281	-	179	252
Past due between 181 and 365 days	-	-	-	-
Past due by more than 1 year	-	198	-	127
	1,397	4,415	1,236	5,332
(ii) Movement in Provision for Impairment of Receivables			2011	2010
Balance at the beginning of the year			145	144
+ new provisions recognised during the year			418	-
- amounts already provided for & written off this year			(15)	1
Balance at the end of the year			548	145

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(d) 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 Liquidity Table below:

\$ '000	Subject to no maturity	≤ 1 Year	1-2 Yrs	payable in:				Total Cash Outflows	Actual Carrying Values
				2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2011									
Trade/Other Payables	336	3,569	-	-	-	-	-	3,905	3,905
Loans & Advances	-	160	123	123	119	119	493	1,137	753
Total Financial Liabilities	336	3,729	123	123	119	119	493	5,042	4,658
2010									
Trade/Other Payables	315	2,020	-	-	-	-	-	2,335	2,375
Loans & Advances	-	160	123	123	119	119	507	1,151	854
Total Financial Liabilities	315	2,180	123	123	119	119	507	3,486	3,229

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:

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	3,905	0.0%	2,375	0.0%
Loans & Advances - Fixed Interest Rate	753	6.9%	854	6.9%
	<u>4,658</u>		<u>3,229</u>	

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 27 June 2011.

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	2011 Budget	2011 Actual	2011 Variance*		
REVENUES					
User Charges & Fees	3,865	6,794	2,929	76%	F
Additional income was received from the Roads & Traffic Authority which was not anticipated. The major increase was due to Council's ordered works program.					
Interest & Investment Revenue	1,369	1,825	456	33%	F
The major factors relating to the increase in Interest Revenue was due to Fair Valuation increase in Council's investments held with Lehman Bros of \$118k. Council also received a better than anticipated interest rate for its investments held. Council's cash and equivalents have increased since last financial year thus increasing the interest earned.					
Other Revenues	2,223	1,664	(559)	(25%)	U
Council has removed the Section 355 Committees from its books and made allowances for these in Note 1 of the Statements. There was also less income received than anticipated in Council's Limestone Quarry. Recycling income was also included in other revenues in the original budget.					
Operating Grants & Contributions	7,062	10,909	3,847	54%	F
Council has received additional funding from the following areas, Roads & Traffic Authority due to flooding in December 2010. A major increase in Noxious Weed funding from Macquarie Valley Weeds.					
Capital Grants & Contributions	6,658	3,630	(3,028)	(45%)	U
Council has submitted further funding request from the State Government in relation to the Small Town Sewerage Scheme, whilst this funding has been approved Council is still waiting for confirmation of amounts to be received.					

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----	
EXPENSES				
Borrowing Costs	48	115	(67)	(140%) U
In Council's original budget there was no estimate made for remediation costs.				
Depreciation & Amortisation	7,632	9,128	(1,496)	(20%) U
The depreciation expense has increased due to the Department of Local Government's requirement that all Council's re value their assets. The fair value of the assets has increased therefore having a negative impact on depreciation.				
Other Expenses	864	2,673	(1,809)	(209%) U
Council has experienced increases in the following areas, additional valuation fees, insurance expenses, contributions to the Rural Fire Service, light, power, heating and also postage services.				

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

Cash Flows from Operating Activities	12,832	15,829	2,997	23.4%	F
The reason for the increase is due to Council receiving Roads & Traffic Authority for Flood Disaster in December 2010.					
Cash Flows from Investing Activities	(18,030)	(9,153)	8,877	(49.2%)	F
Council did not complete major capital works programs in all areas of Council due to focus being diverted to the repair of crucial infrastructure after the natural disaster declaration in December 2010.					
Cash Flows from Financing Activities	1,708	(101)	(1,809)	(105.9%)	U
This is a direct result of Council not proceeding with the anticipated loan borrowing for the Small Town Sewerage Scheme.					

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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	357	38	-	21	(23)	-	393	35	(20)	408	-
Other	185	5	-	11	(3)	-	198	7	-	205	-
S94 Contributions - under a Plan	542	43	-	32	(26)	-	591	42	(20)	613	-
Total S94 Revenue Under Plans	542	43	-	32	(26)	-	591				-
S94 not under Plans	1	-	-	-	(1)	-	-	-	-	-	-
Total Contributions	543	43	-	32	(27)	-	591	42	(20)	613	-

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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	21	-	-	1	-	-	22	-	-	22	-
Total	21	-	-	1	-	-	22	-	-	22	-

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	336	38	-	20	(23)	-	371	35	(20)	386	-
Total	336	38	-	20	(23)	-	371	35	(20)	386	-

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	185	5	-	11	(3)	-	198	7	-	205	-
Total	185	5	-	11	(3)	-	198	7	-	205	-

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	1	-	-	-	(1)	-	-	-	-	-	-
Total	1	-	-	-	(1)	-	-	-	-	-	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The 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 from 2009/10 & beyond.

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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(iv) Gelato Ingredients Manufacturing Australia (GIMA)

Council, in conjunction with GIMA has purchased industrial land and erected a commercial building that is now being leased by GIMA. The contract provisions include a call option granting GIMA first option to buy.

The agreement states that in order to purchase the land, the purchase price is determined by either the Valuer General's or an independent licenced valuer's valuation at the date of the contract agreed to by both parties. The purchase price (if purchased by GIMA) is subject to a discount (being a reduction by 2%) for each full time job created as a result of the establishment of the factory. A full time job is defined as a job that has been in existence for the previous 12 months, including 1 months annual leave and based on average full time equivalent employees - that is 35 hours per week.

The purchase price for the factory itself is based upon the final construction costs signed off by both parties. The construction costs exclude the provision of infrastructure such as water, sewerage and roads. Of note, the agreement does not provide for indexation or inflation of the purchase price of the building.

At the date of this report, Council is not aware of any intent by GIMA to act upon their option.

(v) Other Guarantees

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

(vi) 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.

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities (continued)

(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.

(iv) Gasworks Remediation

Council expects to undertake remediation of the Molong Gasworks site over the next four years.

At this stage Council is unable to estimate the total costs of remediation of the site.

Costs of remediation will be brought to account once a reliable estimate is able to be obtained.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

ASSETS NOT RECOGNISED: (continued)

(ii) Infringement Notices/Fines (continued)

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 2011

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

\$ '000

Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

The following Subsidiaries, Associated Entities & Joint Ventures have not been recognised in this Financial Report.

Name of Entity/Operation	Principal Activity/Type of Entity	2011 Net Profit	2011 Net Assets
Central Western Co-Operative Public Library	Library Services to member Councils	31	109
Regional Waste Facility	JV agreement to develop a regional waste facility		
Strategic Alliance Wellington, Blayney & Cabonne Councils	Investigation and provision of economies of scale opportunities for member Councils		
Southern Phone Company	Telecommunications		

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		274,222	216,600
a. Correction of Prior Period Errors	20 (c)	-	51,877
b. Changes in Accounting Policies (prior period effects)	20 (d)	(3,931)	(3,931)
c. Other Comprehensive Income (excl. direct to Reserves transactions)		(7)	33
d. Net Operating Result for the Year		6,288	5,712
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		276,572	270,291

b. Reserves**(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	179,543	178,208
- Other Reserves	-	-
Total	179,543	178,208

(ii). Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance	178,208	33,667
- Revaluations for the year	9(a) 4,147	144,541
- Impairment of revalued assets (incl. impairment reversals)	9(a) (2,812)	-
- Balance at End of Year	179,543	178,208

TOTAL VALUE OF RESERVES

179,543	178,208
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(iii). Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
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c. Correction of Error/s relating to a Previous Reporting Period

Correction of errors as disclosed in last years financial statements.

Council revalued various asset classes for the 09/10 Year End.

This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/08 (the closing date for the comparative figures in last year's report).

As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/09 to reflect the correct value of accumulated depreciation;

- Stormwater Drainage	decrease to accumulated depreciation	385
- Roads, Bridges & Footpaths	decrease to accumulated depreciation	51,492

This adjustment resulted in a net increase in Council's Accumulated Surplus as at 30/6/09.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)	-	51,877
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)	-	-
Total Prior Period Adjustments - Prior Period Errors	-	51,877

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000	Notes	2011	2010
d. Voluntary Changes in Accounting Policies			
<p>Council has made a change in Accounting Policy to not include the Section 355 Committees in the Balance Sheet and Income Statement, due to their immaterial nature and impact on the Annual Financial Statements. The Section 355 Committees results are now shown in Note 1 (i).</p>			
- P & L Change		(226)	-
- Asset Change		(706)	-
- Overall Equity Change		(932)	-
- The amount of The retrospective application that was taken to the prior period opening & closing balances of equity			
<p>Council previously recognised Land Under Road Assets in accordance with the application of AASB 1051 - Land Under Roads.</p> <p>This is a result of Councils election to derecognise LUR owned by Council as at 30/6/08.</p> <p>This has had the effect of reducing I,PP&E (& Council Equity) by:</p>			
		(2,999)	-
<p>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.</p> <p>These amounted to the following Equity Adjustments:</p>			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)		(932)	-
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)		(2,999)	-
Total Prior Period Adjustments - Accounting Policy Changes		(3,931)	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund	Actual	Actual	Actual
\$ '000	2011	2011	2011
<u>Continuing Operations</u>	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	246	1,192	9,211
User Charges & Fees	297	101	6,396
Interest & Investment Revenue	131	124	1,570
Other Revenues	61	60	1,543
Grants & Contributions provided for Operating Purposes	60	35	10,814
Grants & Contributions provided for Capital Purposes	194	1,426	2,010
Other Income			
Net Gains from Disposal of Assets	-	-	268
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	989	2,938	31,812
Expenses from Continuing Operations			
Employee Benefits & on-costs	215	206	10,275
Borrowing Costs	-	57	58
Materials & Contracts	205	224	5,766
Depreciation & Amortisation	514	710	7,904
Impairment	18	332	294
Other Expenses	248	243	2,182
Total Expenses from Continuing Operations	1,200	1,772	26,479
Operating Result from Continuing Operations	(211)	1,166	5,333
<u>Discontinued Operations</u>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(211)	1,166	5,333
Net Operating Result attributable to each Council Fund	(211)	1,166	5,333
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(405)	(260)	3,323

¹ General Fund refers to all Council's activities other than Water, Sewer & Other

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 2011

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
	Water	Sewer	General ¹
ASSETS			
Current Assets			
Cash & Cash Equivalents	3,446	2,037	27,324
Investments	-	-	1,743
Receivables	392	1,660	2,716
Inventories	-	-	1,385
Other	-	-	20
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	3,838	3,697	33,188
Non-Current Assets			
Investments	-	-	-
Receivables	18	82	396
Inventories	-	-	162
Infrastructure, Property, Plant & Equipment	20,633	30,952	372,552
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	241
Total Non-Current Assets	20,651	31,034	373,351
TOTAL ASSETS	24,489	34,731	406,539
LIABILITIES			
Current Liabilities			
Payables	44	67	3,911
Borrowings	-	67	4
Provisions	79	-	3,313
Total Current Liabilities	123	134	7,228
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	667	15
Provisions	-	146	1,331
Total Non-Current Liabilities	-	813	1,346
TOTAL LIABILITIES	123	947	8,574
Net Assets	24,366	33,784	397,965
EQUITY			
Retained Earnings	12,143	20,326	244,103
Revaluation Reserves	12,223	13,458	153,862
Total Equity	24,366	33,784	397,965

¹ General Fund refers to all Council's activities other than Water, Sewer & Other

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 2011

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

\$ '000

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 19/09/11.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2011.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

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 2011

Note 25. Intangible Assets

\$ '000

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2011	2010
Tip Operations	2016	349	347
Quarry Operations	2039	987	931
Balance at End of the Reporting Period	10	1,336	1,278

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	1,278	1,225
Effect of a change in discount rates used in PV calculations	1	(1)
Amortisation of discount (expensed to borrowing costs)	57	54
Total - Reinstatement, rehabilitation and restoration provision	1,336	1,278

Amount of Expected Reimbursements

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 27. Financial Review - Key Financial Figures over the past 5 years

\$ '000

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

Financial Performance Figures	2011	2010	2009	2008	2007
Inflows:					
Rates & Annual Charges Revenue	10,649	10,302	9,721	9,451	9,114
User Charges Revenue	6,794	6,594	7,842	6,747	5,608
Interest & Investment Revenue (Losses)	1,825	1,640	1,755	888	1,918
Grants Income - Operating & Capital	11,983	8,963	11,089	9,856	7,504
Total Income from Continuing Operations	35,739	32,901	35,121	31,714	29,938
Sale Proceeds from I,PP&E	1,202	1,222	1,144	1,130	872
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits & On-cost Expenses	10,696	10,652	10,651	8,089	8,636
Borrowing Costs	115	145	123	130	170
Materials & Contracts Expenses	6,195	5,960	7,240	7,302	8,135
Total Expenses from Continuing Operations	29,451	27,415	28,838	25,476	25,531
Total Cash purchases of I,PP&E	10,937	14,169	10,905	13,580	7,747
Total Loan Repayments (incl. Finance Leases)	101	117	114	149	456
Operating Surplus/(Deficit) (excl. Capital Income)	2,658	2,298	1,736	315	2,160
Financial Position Figures	2011	2010	2009	2008	2007
Current Assets	40,723	35,504	36,471	36,088	36,757
Current Liabilities	7,485	6,027	6,194	6,816	6,489
Net Current Assets	33,238	29,477	30,277	29,272	30,268
Available Working Capital (Unrestricted Net Current Assets)	7,159	6,114	4,152	8,582	5,306
Cash & Investments - Unrestricted	7,188	4,532	1,780	3,046	4,349
Cash & Investments - Internal Restrictions	15,654	13,904	15,086	10,457	14,641
Cash & Investments - Total	34,550	28,357	29,244	29,409	31,487
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	753	854	971	1,085	1,234
Total Value of I,PP&E (excl. Land & Earthworks)	432,636	418,280	365,459	352,830	322,181
Total Accumulated Depreciation	177,458	166,202	145,712	190,616	173,932
Indicative Remaining Useful Life (as a % of GBV)	59%	60%	60%	46%	46%

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 2011

Note 28. 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 3203

Facsimile: 02 6392 3260

Internet: www.cabonne.nsw.gov.au

Email: council@cabonne.nsw.gov.au

Officers
GENERAL MANAGER

Graeme Fleming

RESPONSIBLE ACCOUNTING OFFICER

Stephen Harding

PUBLIC OFFICER

Gerard Aguila

AUDITORS

Morse Group

Elected Members
MAYOR

Robert Dowling

COUNCILLORS

Robert Dowling

Noel Bleakley

Lachlan McSmith

Ian Gosper

Anthony Durkin

Kevin Walker

John Farr

Geoff Dean

David Hyde

Janelle Culverson

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 Report

We have audited the accompanying general purpose financial statements of Cabonne Council (The Council) for the financial year ended 30 June 2011. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

Councils' Responsibility for the Financial Report

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, nor 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 2011 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 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) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) is 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.

Application of the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 and Regulation 207 of the Local Government (General) Regulation 2005

Without qualification to the opinion expressed above, attention is drawn to Note 1(j) of the financial statements. Council have advised that the revaluation of its community land assets to fair value has not occurred this financial year and will be performed in the 2012 financial year. While the financial statements are in compliance with Australian Accounting Standards, they do not comply with the Division of Local Government's requirement that the revaluation of those designated assets to fair value take place in the 2011 financial year.

Accordingly this element of the financial statements does not comply with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update 19 which forms part of the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 and Regulation 207 of the Local Government (General) Regulation 2005.



MORSE GROUP

237 Lords Place
Orange
Dated: 5 October 2011



JD O'MALLEY
PARTNER

5 October 2011

The Mayor
Councillor Bob Dowling
Cabonne Council
PO Box 17
MOLONG NSW 2866

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT - Section 417(3)
CABONNE COUNCIL YEAR ENDED 30 JUNE 2011**

We advise having completed our audit of the financial statements of Cabonne Council for the financial year ended 30 June 2011. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council, though we note in our report that Council's community land has not been revalued to fair value as required by the Division of Local Government.

In accordance with Section 417 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 2011. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on 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 415(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 \$6,288,000 (2010 - \$5,486,000). Selected items of note in the operating statement include:

Revenue

The operating result from ordinary activities *before* capital amounts was \$2,658,000 (2010 – \$2,298,000).

- Operating grants and contributions were \$1,784,000 up on the prior year. Contributing factors were a \$324,000 increase in the Federal Financial Assistance Grant (FAG); and an increase in RTA grants of \$2,088,000 as a result of the December 2010 storm and flood damage.
- Capital grants and contributions increased by \$442,000 with the major contributor being a \$500,000 grant for the remediation of the Molong gasworks site, offset by decreases in other contributions.

Expenditure

- Depreciation and Amortisation has increased significantly, as was expected following the revaluation of roads, bridges and footpaths infrastructure last year. The expense was \$9,128,000 this year compared with \$8,365,000 in 2010.
- An impairment expense of \$644,000 (2010 - \$Nil) was recognised as a result of carrying amounts for sewer infrastructure.

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

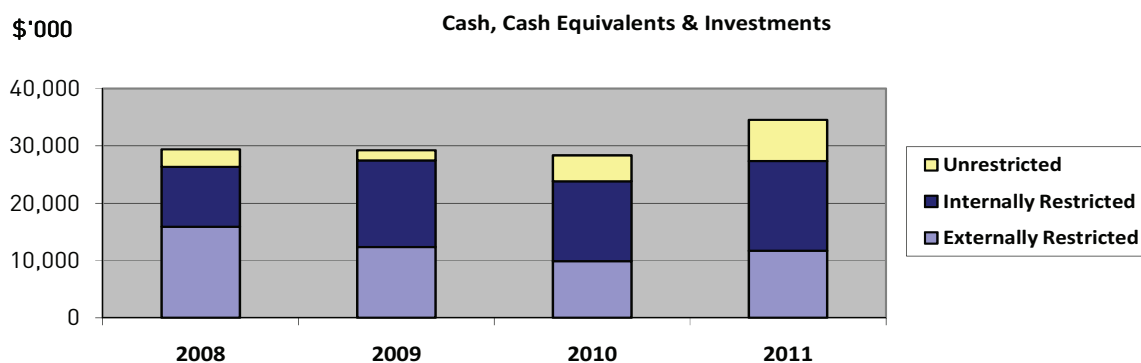
(b) Financial Position

The Balance Sheet discloses that for the year ended 30 June 2011 Council's net assets stood at \$459,114,000 (2010 - \$451,498,000), which represents an increase of \$7,616,000. The increase comprises the net operating surplus after capital amounts of \$6,288,000, the net revaluation increment attributable to the indexation of Council's water and sewer infrastructure of \$1,272,000 and the net revaluation increment attributable to the revaluation of Land Improvements, Other Structures and Other Assets to fair value of \$2,875,000. There was also an impairment write-down of (\$2,812,000) related to storm damage to Council assets and a (\$7,000) write-back of s.355 Committees following a change in accounting policy.

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. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions is summarised as follows: -

	2011 \$'000	2010 \$'000
Net current assets	33,238	30,736
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(13,768)	(12,794)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(15,654)	(13,904)
Add: Applicable current liabilities refer Note 10		
- Water	123	96
- Sewerage	134	115
- Other	173	173
Add: Employee Leave Entitlements to be paid > 12 months	2,458	2,537
Unrestricted net current asset surplus/(deficit)	6,704	6,959
Unrestricted net current assets comprise: -		
Assets		
Cash	7,188	5,452
Receivables	2,708	2,842
Real estate development land	863	1,074
Inventories	522	392
Prepayments	20	149
Other	-	220
	11,301	10,129
Less: Liabilities	(7,055)	(5,707)
Plus: Employee Leave Entitlements To be paid > 12 months	2,458	2,537
Unrestricted net current asset surplus/ (deficit)	6,704	6,959

Council's surplus of net current assets to cover the restrictions placed on those assets is further evidence of a strong financial position.



Liquidity

Note 6 to the accounts discloses total cash and investments of \$34,550,000 (2010 - \$28,357,000), of this amount \$11,708,000 (2010 - \$9,921,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$15,654,000 (2010 - \$13,904,000) 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 management plan.

The unrestricted balance of \$7,188,000 (2010 - \$4,532,000) 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:

Unrestricted Current Ratios

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates its ability to satisfy obligations out of short-term and immediate asset balances. At a ratio of 5.74:1 (2010: 7.41:1) this indicates that Council is comfortably able to satisfy its debts as and when they fall due.

Debt Service Ratio

The cost of repaying debt is reflected in the debt service ratio, which expresses that cost as a percentage of revenue from ordinary activities.

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally accepted that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered tolerable. At 0.63% (2010 - 0.74%) Cabonne Council's ratio is well below these industry benchmarks and indicates that Council has the capacity to finance further borrowing.

Rates & Annual Charges Coverage Ratio

The ability of Council to meet community expectations for the delivery of services and provision of facilities is directly influenced by the discretion it can exercise in the allocation of resources.

This ratio indicates the proportion of revenue generated by Council's through rates and annual charges.

Cabonne Council's ratio of 29.80% (2010 – 30.52%) is broadly consistent with the prior year.

The ratio is comparable with other regional councils having similar characteristics of population and geographic size.

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 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 10.76% (2010 – 10.92 %) is slightly lower than the prior period primarily because of an increase in the provision for impairment.

Each percentage point movement in this ratio equates to approximately \$120,000.

Building & Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which infrastructure assets are being renewed against the rate at which they are depreciating.

Because the distinction between replacements, renewals and repairs is not well defined, it is difficult to make meaningful analysis from this ratio. The fact that this ratio was in excess of 100% for the past two years and 118.82% in the current year suggests that Council is effectively maintaining its infrastructure assets.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of \$304,000 (2010 increase - \$326,000) as follows:

	2011 \$'000	2010 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	17,952	12,535	5,417
Investing activities	(9,153)	(12,948)	3,795
Financing activities	(101)	(117)	16
Net increase / (decrease) in cash held	8,698	(530)	9,228

Cash flows from operating activities

The cashflows from operating activities have increased due to the increase in grants and contributions coupled with decreased payments for materials and contracts.

Cash flows from investing activities

Cash outflows related to acquisitions of infrastructure, property, plant and equipment were down by \$3,232,000.

Cash flows from financing activities

The net cash flow used in financing activities was \$101,000 (2010 - \$117,000), 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 \$6,288,000 was \$1,097,000 more than Council's original estimates.

The nature of this report does not lend itself to detailed analysis of individual budget variations, though it appears that the main variance were in relation to the budgeted amount for depreciation expense and User Charges and Fee income. Note 16 of 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 2011. Council has determined that it has four business units within its operations: Water, Sewerage, Quarry and Private Works.

The Division of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines 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 unqualified audit report on the special purpose reports for the year ended 30 June 2011 has been issued.

Management Letters

Our most recent management letter was issued on 24 June 2011. 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 2011 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.


MORSE GROUP

237 Lords Place
Orange
Dated: 5 October 2011


J.D. O'MALLEY
PARTNER