



Cabonne Council Annual Report 2011/2012



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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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General Manager's Message

The implementation of the State Government's Integrated Planning and Reporting (IP & R) requirements has been one of Cabonne Council's major undertakings over the past year.

It has resulted in the development of the Cabonne 2025 Community Strategic Plan, a long term (10 year) financial plan, a four-year delivery program, an operational plan (budget), asset management plan and a four-year workforce plan.

These IP & R documents aim to provide the important balance between residents' needs, wants and priorities. They will help to strengthen Cabonne Council's continued commitment to financial sustainability.

When the new Council is elected in September, I'm certain it will be well placed to address a number of issues that Local Government will face in coming years.

However, it will require a strategic approach, action plans and a commitment to achieve its goals, coupled with a strong sense of teamwork.

As in previous years, a fiscally responsible approach enabled the Council to develop a very pro-active program of expenditure and community projects in 2011/12 without jeopardising its long term financial stability.

Achievements I wish to highlight include:

- A record \$12.2 million spent on roads;
- The continuation of the Four Towns Sewerage Scheme;
- \$350,000 refurbishment of the Canowindra swimming pool amenities block, which is the first stage of a \$1.7 million redevelopment of the facility;
- Designs for the remediation of the former Molong gasworks site;
- \$400,000 for village enhancement programs;
- Development of new floodplain plans for Eugowra and Molong; and
- A major increase in spending on Cabonne's 11 cemeteries.

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

Issues raised at these meetings included roads, town maintenance, cemeteries, customer service, village enhancement, the Local Environmental Plan, weeds and waste management.

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.

September will see the end of the current term of Council and this Council can look back with a great deal of satisfaction and pride on its achievements.

It set a number of priorities and objectives through initiatives such as Future Directions Forums, subsequent workshops and reports in areas as broad as financial sustainability, democratic representation, communications, customer service, roads, village improvements, water, sewerage, economic and community development, tourism, the Local Environmental Plan, waste management, the Wellington Blayney Cabonne Strategic Alliance and Local Government reform.

It has been the busiest term of Council on record and Councillors have made an enormous effort, both individually and collectively, to address a myriad of issues.

Council can be pleased with its progress and achievements on many areas including:

- Construction of the Waluwin Community Health Centre and the resulting expansion of health and allied services;
- Near finalisation of the timber bridge replacement program;
- Installation of a new information technology system;
- A vast range of community projects;
- Apprenticeship, traineeship and professional development program;
- Plant replacement and upgrade program;
- Expanded community services;
- Establishment of a business development assistance fund;
- Adoption of climate change and sustainability plans; and
- Increased funding of cemeteries and town maintenance.

August this year will see my retirement after more than 25 years as General Manager.

I wish to place on record the support I have received from Councillors, staff and, importantly, the community.

I've thoroughly enjoyed working with community groups and individuals to advance either their little part of Cabonne or our area as a whole. I will look back with great pride on the achievements and have very fond memories as my time as Shire Clerk and General Manager of Cabonne Council.

A handwritten signature in black ink, appearing to read 'GLP Fleming', with a large, stylized flourish on the left side.

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 2011/2012	\$ 229.26
Water/Sewer charges abandoned during 2011/2012	\$ 2,050.79
TOTAL	\$ 2,280.05

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 2011/2012 which is attached. A Final progress comment is included for each item.

Where actions have not been able to be completed in the 2011/2012 Management Plan, they have after review, if appropriate, been transferred to the 4 year Delivery Program and annual Operational Plan which are derived from the Cabonne 2025 Community Strategic Plan developed for 2012-13 on.

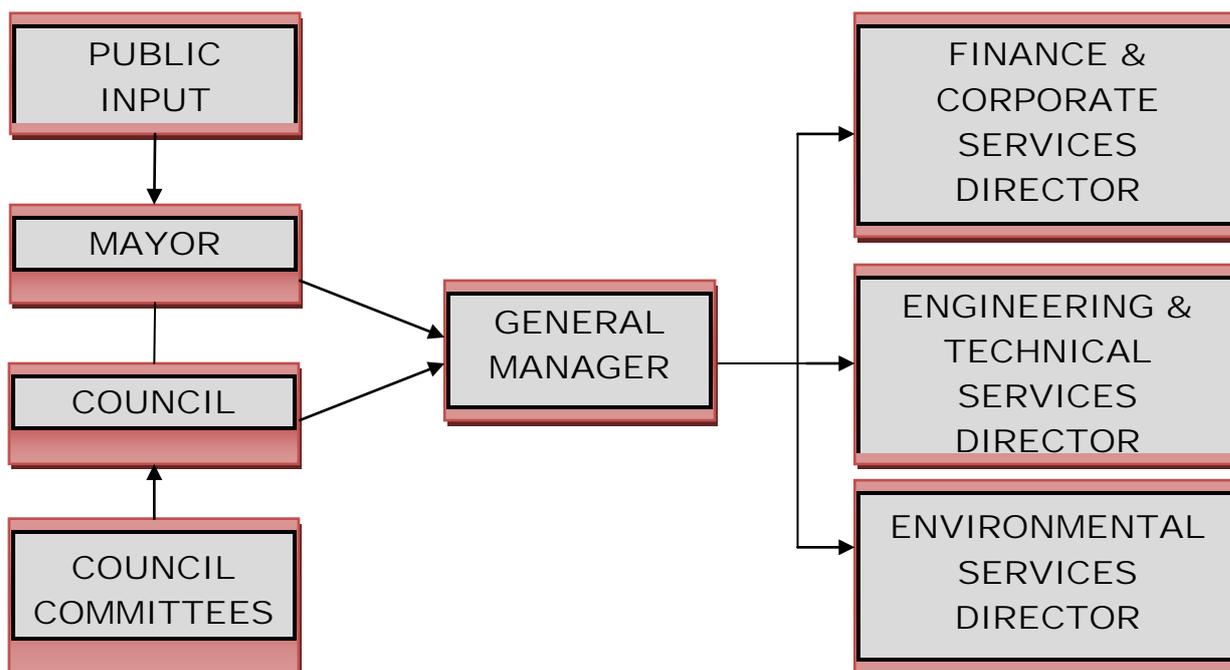
Statement of Affairs as at 30 June 2012

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 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 buildings 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 Cabonne
- To maintain and manage Council owned publicly used buildings, facilities and land in Cabonne

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 Cabonne
- 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
- 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 maximise 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 and villages 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 form to be completed under the Government Information (Public Access) Act 2009 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 Right To Information Officers, 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 2011–2012 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 2011/12 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 2012

- Estimate of cost to bring to satisfactory standard

Council completed "fair value" evaluation of its Buildings and Recreation assets in 2012. 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 2011/2012

These figures as outlined in Special Schedules report relate to the maintenance and repair costs for the various assets finalized in the 2011/2012 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 2012.

Public Roads and Bridges

Special Schedules report refers to the relative value, condition and maintenance requirements of those assets, as at 30 June 2012.

This register includes all regional and local roads within the Local Government Area. Currently there are some 210km of sealed regional road, 1251km of unsealed gravel local road and 574km 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 (RMS controlled) under the RMCC agreement between Council and RMS.

- 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 2011/2012.

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. Asset renewal has been included in Council’s Management Plan as a standing item.

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 five (5) of these structures are new steel or reinforced concrete structures. The remaining timber structures are:

1. “Germain’s” – Bocobora Road
2. “Orana” – Paling Yards Loop
3. “Bangaroo” – Cabonne/Cowra
4. “Stock route” – Eugowra
5. “Bagdad” – Bagdad road

“Toms Waterhole” has been completed 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 2011/2012 condition rating also require replacement:

1. “Cottons” Gumble Road Manildra
 2. “Marlybone” Davys Plain Road Cudal
 3. “Back Creek” Euchareena Road Molong. Note: this structure scheduled for replacement in 2012/13 by Orange City Council as a condition of an approved DA.
 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 completed.
 - “Douglas Bridge” between Eugowra and Canowindra has also been completed.
 - “Hanover Bridge” between Cumnock and Yeoval is listed for future replacement when RMS funds are available under the BLOCK grant funding. 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 2011/2012 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 have now been completed.

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.	\$25,588.76
Investment	\$ 1,443.99
Legal Advice (not proceeding to court)	\$32,176.32
Total	\$49,665.04
Legal Proceedings	\$17,847.22
Public Liability claims	0.00
Employment Advice	0.00
Total	\$17,847.22

Legal Action Against Council

With the exception of sundry public liability and professional indemnity claims, there was only one matter – v - Cabonne Council which was settled out of court by both parties. Legal expenses incurred amounting to the sum of \$3,741.64.

There was only one matter – v – Cabonne Council before the Land and Environment Court in the past year resulting in favour of Council with costs amounting to the sum of \$8,460.54 regarding this matter.

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	\$ 21,470.04
Councillors Fees & Allowances	\$118,375.07
Councillor Expenses:	
Provision of office equipment to Councillors	\$412.05
• Telephone Calls	\$101.52
• Attendance of Councillors at conferences & seminars	\$7,766.21
• Councillor Training	\$ Nil
• Travelling	\$29,231.64
• Interstate Visits	\$2,396.26
• Overseas Visits	\$ Nil
• Expenses of spouses/partners	\$80.00
• Carers Expenses	\$ Nil
• Meals	\$11,815.32
• Miscellaneous (stationery, uniform, name tags, internet)	\$19,655.90
• Insurance	\$2,220.00
Total	\$242,296.91

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 2012

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	Nil	Included in Contract	Nil	Included in Contract	\$248,105

Contracts Awarded

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

Name)	Good or Service supplied	Total contract amount
Fulton Hogan	Sprayed Bituminous Sealing contract 2011 – 2013 (contract 226113)	\$4,132,950.00
CJD Equipment Pty Ltd	One Articulated Dump Truck	\$298,000.00 exc GST
Boral Asphalt	Regional contract for the supply and delivery of bitumen emulsion	Estimated amount payable to the contractor and any allowable variations to that amount: Subject to demand and likely to exceed \$150,000

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 2011/2012 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 2011/2012 three (3) residents became Australian citizens at a ceremonies 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 sponsorship of Brekky club at Cumnock, facilitating Community reading days, encouraging young mothers to use playgroup, assisting Family Daycare and preschool services to arrange and run training sessions to help them implement and meet high quality childcare standards, working with local schools, the Homestart Service and Lithgow Information and Neighbourhood centre to identify and meet the needs of children within the community and provision of information to families and children.

Family Links has been working closely with Orange and District Early Education Program to provide additional support sessions for children in Cabonne with this service now making weekly visits.

The Cabonne/Blayney Family Day Care Scheme has been serving the community through the provision of quality subsidised childcare in the homes of carers and has outreached to families through monthly playgroups, National Families Week, Children's Week, Christmas parties and events held throughout the year within the Cabonne and surrounding areas.

The Scheme has recruited new educators and improve the quality of the service through regular monthly support visits, training, and meetings for all educators and staff. The Family Day Care Scheme encourages the use of their building at Molong by other organisations. Early Intervention, community playgroups and the local mothers group currently utilise the building and resources. This relationship with other early childhood and health professionals strengthens the service's quality and builds positive relationships between organisations within the community.

Access and Equity

During 2011/2012 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 access for people with disabilities has been included in Council's 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 made by Council this year have included the construction of improved areas for disabled parking at Molong, improved access to Countrylink Buses at Canowindra and the receipt of funding to purchase a modified vehicle accessible to people in wheelchairs for Council's Community Transport Service.

Included in its management plan, Council made a budget allocation of \$45,000 for improvement of access in Cabonne towns and villages in the 2011/2012 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 2011/2012, Council carried out private works, the expenditure on which totalled \$325,000. 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 2011/2012 the Cabonne Consultative Committee met on 6 occasions to discuss matters relating to Human Resource Activities and made recommendations to Council, specifically the introduction of an Incident Review Panel and the introduction of a Alcohol and Other Drugs 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 2011/2012. 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 2011/2012 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 10 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 statements 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 Officer 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 Canowindra Committee	Age of Fishes Museum
Amusu Theatre Inc	Amusu Theatre
Canowindra Beautification Committee	Canowindra Court House & Beautification of Canowindra
Canowindra Pre-School Kindergarten	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

Cabonne Council Agricultural Lime Quarry

Category 2 – Businesses

Cabonne Council Combined Water Supplies

Cabonne Council Combined Sewerage Supplies

Cabonne Council Private Works

Competitive Neutrality Policy

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

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

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

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

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. The drain replaces an open unformed drain in the laneway from Gidley Street easterly approximately 100m.

Construction of pipes and culvert in Mill Street Canowindra under this funding program was completed in this reporting period.

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 2011/2012 was completed and returned to the Department of Local Government by 30th September 2012.
- 2. Lodgement of data relating to dog attacks with the department**
There were three dog attacks registered with the department in the 2011/2012 financial year.
- 3. Amount of funding spent relating to companion animal management and activities**
The amount of \$141,791 was spent on companion animal management and activities in the 2011/2012 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 \$2,855 companion animal fund money was received for 2011/2012 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.

Public Interest Disclosures

1. Statistical information on PIDs

	Jan 2012 – June 2012
Number of public officials who made PIDs	1
Number of PIDs received	2
Of PIDs received, number primarily about:	
Corrupt conduct	1
Maladministration	
Serious and substantial waste	
Government information contravention	
Local government pecuniary interest contravention	1
Number of PIDs finalised	

Note: The number of PIDs finalised only refers to PIDs that have been received since 1 January 2012.

2. Commentary on PID obligations

2.1. Council adopted a Public Interest Disclosures (Internal Reporting) Policy at its November 2011 Council meeting.

2.2. Staff awareness obligations regarding Public Interest Disclosures have been made as follows: Policy briefing from senior managers, training provided by the Ombudsman, training provided by Council, training to new staff during inductions and links on both Council's intranet and internet sites.

Government Information (Public Access) Act 2009

The Government Information (Public Access) Act 2009 came into effect on 1 July 2010. Council received two (2) formal applications in the 2011 - 2012 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. Council has received advice from the Division of Local Government that an updated Model Policy will be available by the end of 2012.

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 2011-2012.

Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*“...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 2012

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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 15/10/12.
Council has the power to amend and reissue the financial statements.

Cabonne Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

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 2012.

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 review of Council's financial performance and position for the previous 5 financial years can be found at Note 27 of the Financial Statements.

Cabonne Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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 15 October 2012.



Ian Gosper
MAYOR



Kevin Walker
COUNCILLOR



Andrew L Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012	\$ '000	Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
10,874	Rates & Annual Charges	3a	11,148	10,649
4,129	User Charges & Fees	3b	9,023	6,794
1,549	Interest & Investment Revenue	3c	1,777	1,825
2,072	Other Revenues	3d	2,226	1,664
10,808	Grants & Contributions provided for Operating Purposes	3e,f	11,254	10,909
6,005	Grants & Contributions provided for Capital Purposes	3e,f	2,168	3,630
Other Income:				
-	Net gains from the disposal of assets	5	370	268
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
35,437	Total Income from Continuing Operations		37,966	35,739
Expenses from Continuing Operations				
10,824	Employee Benefits & On-Costs	4a	12,062	10,696
54	Borrowing Costs	4b	113	115
10,296	Materials & Contracts	4c	7,202	6,195
8,955	Depreciation & Amortisation	4d	9,382	9,128
-	Impairment	4d	18	644
1,144	Other Expenses	4e	4,228	2,673
31,273	Total Expenses from Continuing Operations		33,005	29,451
4,164	Operating Result from Continuing Operations		4,961	6,288
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
4,164	Net Operating Result for the Year		4,961	6,288
4,164	Net Operating Result attributable to Council		4,961	6,288
-	Net Operating Result attributable to Minority Interests		-	-
(1,841)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		2,793	2,658

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

Cabonne Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		4,961	6,288
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	12,804	4,147
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)
Total Other Comprehensive Income for the year		12,804	1,328
Total Comprehensive Income for the Year		17,765	7,616
Total Comprehensive Income attributable to Council		17,765	7,616
Total Comprehensive Income attributable to Minority Interests		-	-

Cabonne Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	25,983	32,807
Investments	6b	10,330	1,743
Receivables	7	4,759	4,768
Inventories	8	1,193	1,385
Other	8	1	20
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		42,266	40,723
Non-Current Assets			
Investments	6b	-	-
Receivables	7	779	496
Inventories	8	162	162
Infrastructure, Property, Plant & Equipment	9	439,899	424,137
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Other	8	262	241
Total Non-Current Assets		441,102	425,036
TOTAL ASSETS		483,368	465,759
LIABILITIES			
Current Liabilities			
Payables	10	2,981	4,022
Borrowings	10	75	71
Provisions	10	4,313	3,392
Total Current Liabilities		7,369	7,485
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	607	682
Provisions	10	1,512	1,477
Total Non-Current Liabilities		2,119	2,159
TOTAL LIABILITIES		9,488	9,644
Net Assets		473,880	456,115
EQUITY			
Retained Earnings	20	281,533	276,572
Revaluation Reserves	20	192,347	179,543
Council Equity Interest		473,880	456,115
Minority Equity Interest		-	-
Total Equity		473,880	456,115

Cabonne Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		276,572	179,543	456,115	-	456,115
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		276,572	179,543	456,115	-	456,115
c. Net Operating Result for the Year		4,961	-	4,961	-	4,961
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	12,804	12,804	-	12,804
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	12,804	12,804	-	12,804
Total Comprehensive Income (c&d)		4,961	12,804	17,765	-	17,765
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		281,533	192,347	473,880	-	473,880

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council 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

Cabonne Council

Statement of Cash Flows

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
10,874	Rates & Annual Charges		11,868	10,620
4,129	User Charges & Fees		9,106	8,842
1,549	Investment & Interest Revenue Received		1,884	1,606
16,812	Grants & Contributions		15,098	15,569
-	Other		2,010	1,579
Payments:				
(10,775)	Employee Benefits & On-Costs		(11,049)	(10,831)
(12,296)	Materials & Contracts		(9,460)	(5,667)
(53)	Borrowing Costs		(53)	(116)
-	Bonds, Deposits & Retention amounts refunded		(54)	-
(1,142)	Other		(5,223)	(3,650)
-	Adjustment of Section 355 Committees on Balance Sheet		-	(2,123)
<u>9,098</u>	Net Cash provided (or used in) Operating Activities	11b	<u>14,127</u>	<u>15,829</u>
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		1,450	500
120	Sale of Real Estate Assets		47	114
1,200	Sale of Infrastructure, Property, Plant & Equipment		1,179	1,088
-	Deferred Debtors Receipts		-	103
Payments:				
	Purchase of Investment Securities		(10,000)	-
(20,769)	Purchase of Infrastructure, Property, Plant & Equipment		(12,955)	(10,937)
-	Purchase of Real Estate Assets		(1)	(21)
-	Deferred Debtors & Advances Made		(600)	-
<u>(19,449)</u>	Net Cash provided (or used in) Investing Activities		<u>(20,880)</u>	<u>(9,153)</u>
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(71)	Repayment of Borrowings & Advances		(71)	(101)
<u>(71)</u>	Net Cash Flow provided (used in) Financing Activities		<u>(71)</u>	<u>(101)</u>
<u>(10,422)</u>	Net Increase/(Decrease) in Cash & Cash Equivalents		<u>(6,824)</u>	<u>6,575</u>
27,779	plus: Cash & Cash Equivalents - beginning of year	11a	32,807	26,232
<u>17,357</u>	Cash & Cash Equivalents - end of the year	11a	<u>25,983</u>	<u>32,807</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	10,330	1,743
	Total Cash, Cash Equivalents & Investments		<u>36,313</u>	<u>34,550</u>

Please refer to Note 11 for additional cash flow information

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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n/a - not applicable

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Because 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) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

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

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

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

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/12) and **(ii)** all the related operating results (for the financial year ended the 30th June 2012).

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

- *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*

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Total income from continuing operations	\$1,038
Total expenditure from continuing operations	\$919
Total net assets held (ie Equity)	\$1,720

Note:

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

(ii) The Trust Fund

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

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

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

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

(iii) Joint Ventures

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is 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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are

incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

(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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(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**"

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

category are included in the income statement in the period in which they arise.

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

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

Impairment

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

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

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance

with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

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

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

(g) Fair value estimation

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(Internal Valuation)
- **Operational Land** (Internal Valuation)
- **Buildings – Specialised/Non Specialised**
(Internal 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** (Internal Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

- Increases in the 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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds

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

Land

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

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
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Building

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

Water & Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Buildings

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

Stormwater Drainage

- Drains	60 years
- Culverts	60 years

Transportation Assets

- Sealed Roads : Surface	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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Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

A Discontinued Operation is a component of 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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Statement over the period of the borrowings using the effective interest method.

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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 Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

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

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

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

Defined Contribution Plans

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

(y) Self insurance

Council does not self insure.

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

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.

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

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

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

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

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

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

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

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

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

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

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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

AASB 13 was released in September 2011.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

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

Applicable to Local Government but no implications for Council;

None

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

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

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

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

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

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Governance	180	257	-	441	709	1,285	(261)	(452)	(1,285)	-	-	34,454	29,412
Administration	144	601	997	3,194	2,679	5,614	(3,050)	(2,078)	(4,617)	216	27	25,296	13,639
Public Order & Safety	42	272	431	1,002	887	805	(960)	(615)	(374)	25	279	3,479	3,526
Health	150	72	116	363	399	498	(213)	(327)	(382)	19	-	3,673	3,755
Environment	3,582	2,922	3,212	3,581	3,197	2,876	1	(275)	336	1,306	1,759	1,195	5,194
Community Services & Education	1,974	1,442	1,350	1,921	1,550	1,492	53	(108)	(142)	1,245	1,088	2,148	1,332
Housing & Community Amenities	385	260	280	1,279	572	834	(894)	(312)	(554)	-	1	2,048	3,199
Water Supplies	1,046	965	807	1,143	1,219	994	(97)	(254)	(187)	7	180	27,167	24,489
Sewerage Services	5,373	2,200	3,003	1,785	1,625	1,635	3,588	575	1,368	16	1,432	35,756	34,731
Recreation & Culture	556	165	504	2,206	1,918	1,594	(1,650)	(1,753)	(1,090)	91	404	13,321	16,764
Mining, Manufacturing & Construction	867	2,169	1,277	1,007	2,260	1,039	(140)	(91)	238	-	-	2,319	1,906
Transport & Communication	7,074	10,863	9,826	11,907	14,873	10,084	(4,833)	(4,010)	(258)	2,811	2,650	328,929	323,492
Economic Affairs	427	677	355	1,444	1,117	701	(1,017)	(440)	(346)	126	28	3,583	4,320
Total Functions & Activities	21,800	22,865	22,158	31,273	33,005	29,451	(9,473)	(10,140)	(7,293)	5,862	7,848	483,368	465,759
General Purpose Income ¹	13,637	15,101	13,581	-	-	-	13,637	15,101	13,581	5,391	4,135	-	-
Operating Result from Continuing Operations	35,437	37,966	35,739	31,273	33,005	29,451	4,164	4,961	6,288	11,253	11,983	483,368	465,759

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 2012

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 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		2,374	2,290
Farmland		4,495	4,356
Mining		1,408	1,372
Business		191	148
Total Ordinary Rates		8,468	8,166
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		717	645
Water Supply Services		284	239
Sewerage Services		1,267	1,193
Waste Management Services (non-domestic)		333	321
Section 611 Charges		-	5
Stormwater Levy		74	-
Other		5	80
Total Annual Charges		2,680	2,483
TOTAL RATES & ANNUAL CHARGES		11,148	10,649

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

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		391	297
Sewerage Services		79	98
Total User Charges		470	395
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Discretionary Fees - Other		259	349
Planning & Building Regulation		273	212
Private Works - Section 67		325	139
Section 603 Certificates		14	-
Waste Management		106	168
Total Fees & Charges - Statutory/Regulatory		977	868
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Caravan Park		135	-
Cemeteries		49	39
Lease Rentals		40	78
Recycling Income (Non Domestic)		66	85
RMS (formerly RTA) Charges (State Roads not controlled by Council)		7,276	5,329
Trade Waste		10	-
Total Fees & Charges - Other		7,576	5,531
TOTAL USER CHARGES & FEES		9,023	6,794

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		85	72
- Interest earned on Investments (interest & coupon payment income)		1,644	1,624
- Interest & Dividend Income (Other)		11	11
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		37	118
TOTAL INTEREST & INVESTMENT REVENUE		<u>1,777</u>	<u>1,825</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		62	72
General Council Cash & Investments		1,242	1,280
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		31	32
Water Fund Operations		176	131
Sewerage Fund Operations		122	124
Domestic Waste Management operations		47	72
Other Externally Restricted Assets		97	114
Total Interest & Investment Revenue Recognised		<u>1,777</u>	<u>1,825</u>
(d). Other Revenues			
Rental Income - Other Council Properties		121	72
Legal Fees Recovery - Rates & Charges (Extra Charges)		9	10
Commissions & Agency Fees		37	174
Diesel Rebate		19	59
Fire Protection		-	24
HACC Other Income		-	34
Insurance Claim Recoveries		25	47
Limestone Quarry & Gravel Pits		2,022	1,155
Sale of Materials		-	19
Swimming Pool		-	25
Rebates Received		5	-
Gravel Pit Restoration		22	-
Other		(34)	45
TOTAL OTHER REVENUE		<u>2,226</u>	<u>1,664</u>

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,928	2,235	-	-
Financial Assistance - Local Roads Component	2,368	1,806	-	-
Pensioners' Rates Subsidies - General Component	95	94	-	-
Total General Purpose	5,391	4,135	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	7	13	-	-
- Sewerage	16	30	-	-
- Domestic Waste Management	39	39	-	-
Water Supplies	-	47	83	121
Sewerage Services	-	-	650	1,402
Bushfire & Emergency Services	-	-	242	279
Community Care	1,176	1,088	-	-
Community Centres	-	-	-	104
Employment & Training Programs	12	61	-	-
Floodplan Management	30	31	-	-
Heritage & Cultural	3	16	-	-
Library	47	47	-	-
Molong Gasworks	-	-	-	500
Natural Disaster	-	2,088	-	-
Noxious Weeds	1,237	1,189	-	-
Recreation & Culture	-	-	7	100
RLCIP	-	-	-	131
Street Lighting	37	36	-	-
Transport (Roads to Recovery)	1,174	526	-	-
Transport (Other Roads & Bridges Funding)	-	-	508	-
Other	385	-	209	-
Total Specific Purpose	4,163	5,211	1,699	2,637
Total Grants	9,554	9,346	1,699	2,637
Grant Revenue is attributable to:				
- Commonwealth Funding	7,815	4,804	-	131
- State Funding	1,739	4,542	-	2,506
- Other Funding	-	-	1,699	-
	9,554	9,346	1,699	2,637

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	86	43	-	-
Total Developer Contributions	86	43	-	-
	17			
Other Contributions:				
Bushfire Services	25	71	-	29
Child Care	5	15	-	-
Community Services	10	-	-	-
Health Centre (Waluwin)	19	81	-	-
Home & Community Care (HACC)	54	74	-	-
Recreation & Culture	41	8	23	36
Roads & Bridges	102	114	-	105
RMS Contributions (Regional Roads, Block Grant)	1,015	949	374	636
Rural Fire Service	-	23	-	-
Sewerage (excl. Section 64 contributions)	-	5	28	24
Water Supplies (excl. Section 64 contributions)	-	-	12	73
WBC Alliance Income	193	136	-	69
Employment & Training	11	-	-	-
Economic Affairs	126	-	-	-
Other	13	44	32	21
Total Other Contributions	1,614	1,520	469	993
Total Contributions	1,700	1,563	469	993
TOTAL GRANTS & CONTRIBUTIONS	11,254	10,909	2,168	3,630

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2012	Actual 2011
(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	5,360	3,389
add: Grants & contributions recognised in the current period but not yet spent:	5,694	3,618
less: Grants & contributions recognised in a previous reporting period now spent:	(3,076)	(1,647)
Net Increase (Decrease) in Restricted Assets during the Period	2,618	1,971
Unexpended and held as Restricted Assets	7,978	5,360
Comprising:		
- Specific Purpose Unexpended Grants	5,408	2,311
- Developer Contributions	658	591
- Other Contributions	1,912	2,458
	7,978	5,360

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		8,454	7,989
Travelling		202	312
Employee Leave Entitlements (ELE)		2,153	1,573
Superannuation		1,343	1,214
Workers' Compensation Insurance		570	589
Fringe Benefit Tax (FBT)		35	19
Training Costs (other than Salaries & Wages)		189	225
Protective Clothing		45	-
Pre Employment Medicals		5	-
Other		44	51
Total Employee Costs		13,040	11,972
less: Capitalised Costs		(978)	(1,276)
TOTAL EMPLOYEE COSTS EXPENSED		12,062	10,696
Number of "Equivalent Full Time" Employees at year end		185	172
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		51	57
Interest on Advances		1	1
Total Interest Bearing Liability Costs		52	58
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		52	58
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	61	57
Total Other Borrowing Costs		61	57
TOTAL BORROWING COSTS EXPENSED		113	115

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		3,829	6,070
Contractor & Consultancy Costs		-	48
- Service Contracts		2,897	-
- Consultancy Costs		147	-
- Caretaker Fees		62	-
- Licence Agreements		145	-
Auditors Remuneration ⁽¹⁾		40	47
Legal Expenses:			
- Legal Expenses: Planning & Development		48	4
- Legal Expenses: Other		29	21
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		5	5
Total Materials & Contracts		7,202	6,195
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		7,202	6,195
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		40	31
Remuneration for audit and other assurance services		40	31
(ii) Other Services			
- Other Services		-	16
Remuneration for other services		-	16
Total Auditor Remuneration		40	47
2. Operating Lease Payments are attributable to:			
Computers		5	5
		5	5

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
Plant and Equipment		-	-	2,446	2,239
Office Equipment		-	-	254	235
Furniture & Fittings		-	-	43	46
Land Improvements (depreciable)		-	-	136	106
Buildings - Non Specialised		-	-	6	7
Buildings - Specialised		-	-	747	869
Other Structures		-	-	268	97
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,402	4,432
- Stormwater Drainage		-	-	94	93
- Water Supply Network		18	-	456	460
- Sewerage Network		-	-	478	482
Other Assets					
- Other		-	644	-	10
Asset Reinstatement Costs	9 & 26	-	-	52	52
Total Depreciation & Impairment Costs		18	644	9,382	9,128
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		18	644	9,382	9,128

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		100	71
Bad & Doubtful Debts		15	299
Bank Charges		17	-
Cleaning		122	-
Contributions/Levies to Other Levels of Government		1,383	209
- Bushfire Fighting Fund		187	-
Councillor Expenses - Mayoral Fee		21	21
Councillor Expenses - Councillors' Fees		118	114
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		64	61
Donations, Contributions & Assistance to other organisations (Section 356)		17	297
Electricity & Heating		628	317
External Plant Hire		356	368
Health Centre (Waluwin)		-	78
Insurance		419	270
Postage		34	41
Printing & Stationery		88	74
Street Lighting		11	100
Subscriptions & Publications		37	27
Telephone & Communications		128	157
Valuation Fees		76	67
Volunteer Expenses		28	-
Audit Fees - Internal		12	-
Pensioner Rates Write Off		16	-
Water / Sewer Sampling		11	-
Commissions Paid		15	-
Rent Expense		16	-
Water Rates		22	-
Service Subsidy Expense		14	-
Other		273	102
Total Other Expenses		4,228	2,673
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		4,228	2,673

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,179	1,088
less: Carrying Amount of P&E Assets Sold / Written Off		(839)	(864)
Net Gain/(Loss) on Disposal		340	224
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		47	114
less: Carrying Amount of Real Estate Assets Sold / Written Off		(17)	(70)
Net Gain/(Loss) on Disposal		30	44
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,450	500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,450)	(500)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		370	268

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,203	-	2,618	-
Cash-Equivalent Assets ¹					
- Deposits at Call		24,780	-	30,189	-
Total Cash & Cash Equivalents		25,983	-	32,807	-
Investment Securities (Note 6b)					
- Long Term Deposits		10,000	-	-	-
- CDO's		330	-	1,743	-
Total Investment Securities		10,330	-	1,743	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		36,313	-	34,550	-

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"	25,983	-	32,807	-
--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	330	-	1,743	-
Investments		10,330	-	1,743	-

Note 6(b-i)**Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"**

Balance at the Beginning of the Year	1,743	-	2,125	-
Revaluations (through the Income Statement)	37	-	118	-
Disposals (sales & redemptions)	(1,450)	-	(500)	-
Balance at End of Year	330	-	1,743	-

Comprising:

- CDO's	330	-	1,743	-
Total	330	-	1,743	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012	2012	2011	2011
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	36,313	-	34,550	-
attributable to:				
External Restrictions (refer below)	13,902	-	11,708	-
Internal Restrictions (refer below)	17,412	-	15,654	-
Unrestricted	4,999	-	7,188	-
	36,313	-	34,550	-

2012 \$ '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
RMS (formerly RTA) Advances (B)	173	-	-	173
External Restrictions - Included in Liabilities	198	-	-	198

External Restrictions - Other

Developer Contributions - General (D)	591	117	(50)	658
RMS (formerly RTA) Contributions (E)	1,965		(562)	1,403
Specific Purpose Unexpended Grants (F)	2,311	3,097		5,408
Water Supplies (G)	3,446	-	(179)	3,267
Sewerage Services (G)	2,037	-	(272)	1,765
Domestic Waste Management (G)	667	526	(499)	694
Other	493	198	(182)	509
External Restrictions - Other	11,510	3,938	(1,744)	13,704
Total External Restrictions	11,708	3,938	(1,744)	13,902

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 RMA 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 2012

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	2,703	-	(1,442)	1,261
Infrastructure Replacement	726	500	-	1,226
Employees Leave Entitlement	1,196	668	(327)	1,537
Capital Works	7,240	4,279	(2,657)	8,862
Community Services	42	60	(28)	74
Environment	88	-	-	88
Housing	167	-	-	167
Land Development	102	199	-	301
Limestone Quarry	852	474	(1)	1,325
Office Equipment	1,328	250	(287)	1,291
Recreation & Culture	265	37	(28)	274
Roadworks	255	38	(5)	288
Sewerage	17	-	-	17
Waste Management	667	527	(499)	695
Other	6	-	-	6
Total Internal Restrictions	15,654	7,032	(5,274)	17,412
TOTAL RESTRICTIONS	27,362	10,970	(7,018)	31,314

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		512	165	1,116	281
Interest & Extra Charges		144	-	64	-
User Charges & Fees		1,188	21	383	18
Accrued Revenues					
- Interest on Investments		15	-	239	-
- Other Income Accruals		1,582	-	-	-
Debtors to Local Bodies		-	-	-	42
Deferred Debtors		21	772	-	193
Government Grants & Subsidies		1,169	-	2,501	-
Loans to Non Profit Organisations		-	-	52	100
NSW Rural Fire Service		-	-	125	-
Quarry Debtors		-	-	206	21
State Cover - Workers Compensation		19	-	131	-
WBC Alliance		-	-	35	-
Workers Compensation		9	-	-	-
Other Debtors		466	11	245	31
Total		5,125	969	5,126	686
less: Provision for Impairment					
Rates & Annual Charges		-	(172)	-	(172)
User Charges & Fees		(366)	(18)	(358)	(18)
Total Provision for Impairment - Receivables		(366)	(190)	(358)	(190)
TOTAL NET RECEIVABLES		4,759	779	4,768	496
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		7	-	-	-
- Rates & Availability Charges		6	21	378	18
- Other		467	-	14	-
Sewerage Services					
- Specific Purpose Grants		1,064	-	863	-
- Rates & Availability Charges		13	75	797	82
- Other		806	-	-	-
Domestic Waste Management		8	-	8	-
Total External Restrictions		2,371	96	2,060	100
Internally Restricted Receivables - Nil					
Unrestricted Receivables		2,388	683	2,708	396
TOTAL NET RECEIVABLES		4,759	779	4,768	496

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		847	162	863	162
Stores & Materials		346	-	522	-
Total Inventories		1,193	162	1,385	162
Other Assets					
Prepayments		1	-	20	-
Shares in Unlisted Companies - StateCover		-	262	-	241
Total Other Assets		1	262	20	241
TOTAL INVENTORIES / OTHER ASSETS		1,194	424	1,405	403

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures**(a) Details for Real Estate Development**

Residential		727	107	743	107
Industrial/Commercial		120	55	120	55
Total Real Estate for Resale		847	162	863	162

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

Represented by:

Acquisition Costs		413	118	500	120
Development Costs		434	44	363	42
Total Costs		847	162	863	162
less: Provision for Under Recovery		-	-	-	-
Total Real Estate for Resale		847	162	863	162

Movements:

Real Estate assets at beginning of the year		863	162	912	162
- Purchases and other costs		1	-	21	-
- WDV of Sales (exp)	5	(17)	-	(70)	-
Total Real Estate for Resale		847	162	863	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;

Real Estate for Resale		2012	2011
		505	550
		505	550

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period							as at 30/6/2012					
	At	At	Accumulated		Carrying	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Dep'n	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value	
Capital Work in Progress	4,799	-	-	-	4,799	342	-	-	-	-	(4,173)	-	968	-	-	-	-	968
Plant & Equipment	-	36,438	21,529	-	14,909	4,223	-	(839)	(2,446)	-	-	-	-	38,361	22,514	-	-	15,847
Office Equipment	-	2,317	1,631	-	686	288	-	-	(254)	-	-	-	-	2,605	1,885	-	-	720
Furniture & Fittings	-	702	469	-	233	20	-	-	(43)	-	-	-	-	722	512	-	-	210
Land:																		
- Operational Land	-	5,148	-	-	5,148	-	-	-	-	-	(303)	-	-	4,845	-	-	-	4,845
- Community Land	-	186	-	-	186	139	-	-	-	-	303	9,819	-	10,447	-	-	-	10,447
Land Improvements - non depreciable	-	1,071	-	-	1,071	-	-	-	-	-	-	-	-	1,071	-	-	-	1,071
Land Improvements - depreciable	-	3,555	1,853	-	1,702	95	-	-	(136)	-	-	-	-	3,650	1,989	-	-	1,661
Buildings - Non Specialised	-	340	33	-	307	-	-	-	(6)	-	-	-	-	340	39	-	-	301
Buildings - Specialised	-	39,099	18,350	-	20,749	490	-	-	(747)	-	-	-	-	39,589	19,097	-	-	20,492
Other Structures	-	9,573	4,723	-	4,850	548	-	-	(268)	-	-	-	-	10,121	4,991	-	-	5,130
Infrastructure:																		
- Roads, Bridges, Footpaths	-	249,983	89,886	-	160,097	3,672	343	-	(4,402)	-	-	-	-	254,351	94,289	352	-	159,710
- Bulk Earthworks (non-depreciable)	-	162,554	-	-	162,554	1,521	-	-	-	-	-	-	-	164,075	-	-	-	164,075
- Stormwater Drainage	-	7,182	2,105	-	5,077	25	-	-	(94)	-	-	-	-	7,207	2,199	-	-	5,008
- Water Supply Network	-	43,663	23,946	-	19,717	392	-	-	(456)	(18)	-	2,544	-	40,654	18,475	-	-	22,179
- Sewerage Network	-	34,041	12,312	-	21,729	1,101	-	-	(478)	-	4,173	441	-	34,965	8,001	-	-	26,964
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																		
- Tip Asset	-	287	275	-	12	-	-	-	(1)	-	-	-	-	287	276	-	-	11
- Quarry Asset	-	657	346	-	311	-	-	-	(51)	-	-	-	-	657	397	-	-	260
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	4,799	596,796	177,458	-	424,137	12,856	343	(839)	(9,382)	(18)	-	12,804	968	613,947	174,664	352	-	439,899

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	3,234	2,250	984	-	3,229	2,184	1,045
Land								
- Operational Land	-	141	-	141	-	141	-	141
- Community Land	-	268	-	268	-	44	-	44
- Improvements - depreciable	-	28	4	24	-	28	4	24
Infrastructure	-	40,199	18,217	21,982	-	43,097	23,718	19,379
Total Water Supply	-	43,870	20,471	23,399	-	46,539	25,906	20,633
Sewerage Services								
WIP	-	789	-	789	4,799	-	-	4,799
Plant & Equipment	-	5,967	3,575	2,392	-	5,938	3,394	2,544
Land								
- Operational Land	-	254	-	254	-	254	-	254
- Community Land	-	64	-	64	-	10	-	10
- Improvements non-depreciable	-	999	-	999	-	999	-	999
- Improvements - depreciable	-	977	589	388	-	977	540	437
Buildings	-	200	24	176	-	200	20	180
Other Structures	-	7	-	7	-	-	-	-
Infrastructure	-	34,965	8,001	26,964	-	34,040	12,311	21,729
Total Sewerage Services	-	44,222	12,189	32,033	4,799	42,418	16,265	30,952
Domestic Waste Management								
Plant & Equipment	-	301	149	152	-	303	123	180
Land								
- Operational Land	-	245	-	245	-	245	-	245
- Improvements - depreciable	-	240	46	194	-	244	38	206
Buildings	-	7	-	7	-	7	-	7
Other Assets	-	455	141	314	-	168	15	153
Total DWM	-	1,248	336	912	-	1,067	176	891
TOTAL RESTRICTED I,PP&E	-	89,340	32,996	56,344	4,799	90,024	42,347	52,476

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

\$ '000	Notes	Actual 2012	Actual 2011
Impairment Losses recognised in the Income Statement include:			
- Other Assets impaired at 30/06/2011		(18)	(261)
- WIP Assets impaired at 30/06/2011		-	(383)
Total Impairment Losses		(18)	(644)
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	(18)	(644)

Refer to Note 9(a) for Impairment Restoration Works totalling \$343K undertaken this year relating to current year or prior year Impairments.

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,830	-	3,544	-
Payments Received In Advance		206	-	117	-
Accrued Expenses:					
- Borrowings		4	-	5	-
- Salaries & Wages		175	-	-	-
- Other Expenditure Accruals		270	-	-	-
Security Bonds, Deposits & Retentions		282	-	336	-
ATO - Net GST Payable		183	-	-	-
Other		31	-	20	-
Total Payables		2,981	-	4,022	-
Borrowings					
Loans - Secured ¹		69	595	65	664
Government Advances		6	12	6	18
Total Borrowings		75	607	71	682
Provisions					
Employee Benefits;					
Annual Leave		991	-	934	-
Long Service Leave		3,322	115	2,458	141
Sub Total - Aggregate Employee Benefits		4,313	115	3,392	141
Asset Remediation/Restoration (Future Works) ²⁶		-	1,397	-	1,336
Total Provisions		4,313	1,512	3,392	1,477
Total Payables, Borrowings & Provisions		7,369	2,119	7,485	2,159

(i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	114	-	123	-
Sewer	235	595	134	813
Other	173	-	173	-
Liabilities relating to externally restricted assets	522	595	430	813
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	522	595	430	813

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 2012

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

\$ '000	2012	2011
(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	3,332	2,458
	3,332	2,458

Note 10b. Description of and movements in Provisions

Class of Provision	2011		2012			Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	934	454	(539)	142	-	991
Long Service Leave	2,599	641	(308)	505	-	3,437
Asset Remediation	1,336	61	-	-	-	1,397
TOTAL	4,869	1,156	(847)	647	-	5,825

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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	25,983	32,807
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		25,983	32,807
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		4,961	6,288
Adjust for non cash items:			
Depreciation & Amortisation		9,382	9,128
Net Losses/(Gains) on Disposal of Assets		(370)	(268)
Non Cash Capital Grants and Contributions		(242)	(279)
Impairment Losses Recognition - I,PP&E		18	644
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(37)	(118)
Derecognition of Section 355 Committees / Asset Impairment		-	(2,123)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
Unwinding of Discount Rates on Reinstatement Provisions		61	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		318	653
Increase/(Decrease) in Provision for Doubtful Debts		8	403
Decrease/(Increase) in Inventories		176	(145)
Decrease/(Increase) in Other Assets		(2)	108
Increase/(Decrease) in Payables		(1,714)	1,504
Increase/(Decrease) in accrued Interest Payable		(1)	(1)
Increase/(Decrease) in other accrued Expenses Payable		445	-
Increase/(Decrease) in Other Liabilities		229	54
Increase/(Decrease) in Employee Leave Entitlements		895	(77)
Increase/(Decrease) in Other Provisions		-	58
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		14,127	15,829

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		242	279
Total Non-Cash Investing & Financing Activities		242	279
(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		15	12
Total Financing Arrangements		465	462
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	2
Total Financing Arrangements Utilised		-	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 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(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
Plant & Equipment		220	218
Total Commitments		220	1,366
These expenditures are payable as follows:			
Within the next year		220	1,366
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		220	1,366
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	1,213
Unexpended Grants		-	153
Internally Restricted Reserves		220	-
Total Sources of Funding		220	1,366

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b) Finance Lease Commitments			
Nil			
(c) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		3	3
Later than one year and not later than 5 years		2	5
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		5	8

b. Non Cancellable Operating Leases include the following assets:

Photocopier for Family Day Care

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

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.

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011 2010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>25,488</u>	7.25 : 1	5.74	7.41
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>3,515</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>123</u>	0.41%	0.63%	0.74%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>29,935</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>11,148</u>	29.36%	29.80%	30.52%
Income from Continuing Operations	<u>37,966</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>649</u>	5.18%	10.76%	10.92%
Rates, Annual & Extra Charges Collectible	<u>12,531</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>5,548</u>	89.47%	118.82%	124.57%
Depreciation, Amortisation & Impairment	<u>6,201</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

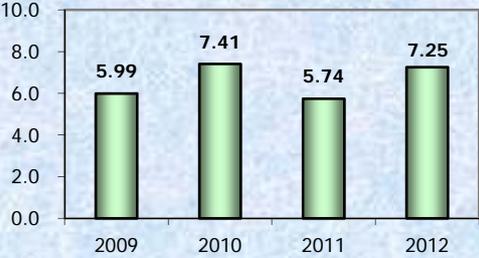
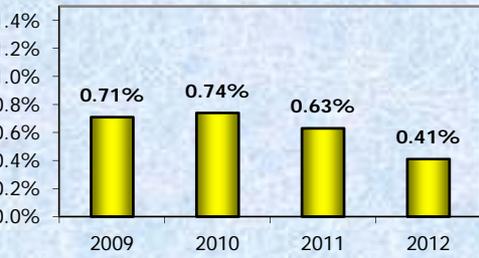
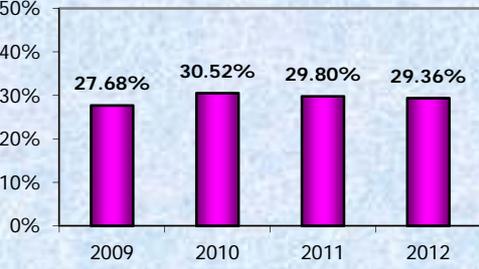
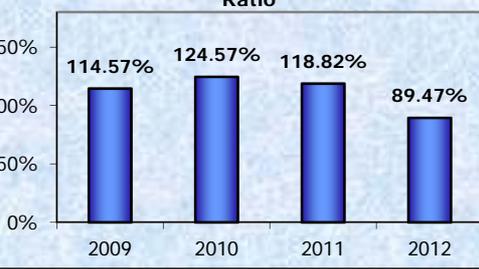
(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Asset Renewals include building and infrastructure assets only.

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

<p>1. Unrestricted Current Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>7.25</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	5.99	2010	7.41	2011	5.74	2012	7.25	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 7.25 : 1</p> <p>The trend that can be seen in Unrestricted Current Ratio shows that is once again Council is in a strong and robust financial position to satisfy all obligations of Council's activities as they fall due.</p>
Year	Ratio : 1											
2009	5.99											
2010	7.41											
2011	5.74											
2012	7.25											
<p>2. Debt Service Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>0.41%</td> </tr> </tbody> </table>	Year	Ratio %	2009	0.71%	2010	0.74%	2011	0.63%	2012	0.41%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 0.41%</p> <p>The declining Debt Service Ratio of .43% once again is well below industry standard. Council is anticipating to borrowing in the future for its Small Town Sewerage Sceme and this ratio shows that Council is well situated to 9ncrease it's debt obligation.</p>
Year	Ratio %											
2009	0.71%											
2010	0.74%											
2011	0.63%											
2012	0.41%											
<p>3. Rates & Annual Charges Coverage Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>29.36%</td> </tr> </tbody> </table>	Year	Ratio %	2009	27.68%	2010	30.52%	2011	29.80%	2012	29.36%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 29.36%</p> <p>Council's Rates & Annual Charges Coverage Ratio has remained steady over the past 4 Years. This is comparable to industry standards and particulary other regional Council's with similar characteristics.</p>
Year	Ratio %											
2009	27.68%											
2010	30.52%											
2011	29.80%											
2012	29.36%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>5.18%</td> </tr> </tbody> </table>	Year	Ratio %	2009	10.20%	2010	10.92%	2011	10.76%	2012	5.18%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 5.18%</p> <p>Council's Rates, Annual Charges, Interest & Extra Charges Outstanding Ratio has increased slightly from last year however has remained steady over the past 4 years.It should be noted that water and sewer rates leiced on the 30th June 2012, ratepayer did not have the opertunity to pay.</p>
Year	Ratio %											
2009	10.20%											
2010	10.92%											
2011	10.76%											
2012	5.18%											
<p>5. Building & Infrastructure Renewals Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>89.47%</td> </tr> </tbody> </table>	Year	Ratio %	2009	114.57%	2010	124.57%	2011	118.82%	2012	89.47%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 89.47%</p> <p>Even though there is a decrease in the Building & Infrastructure Renewal Ratio, this is still a pleasing result for Council.</p>
Year	Ratio %											
2009	114.57%											
2010	124.57%											
2011	118.82%											
2012	89.47%											

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽¹⁾</u>	32.87 : 1	15.52 : 1	7.25 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	3.19 : 1	12.39 : 1	5.74 : 1
2. Debt Service Ratio			
<u>Debt Service Cost</u>	0.00%	4.73%	0.18%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	0.00%	7.04%	0.23%
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	29.49%	57.56%	27.58%
Income from Continuing Operations			
prior period:	24.87%	40.57%	28.95%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	9.51%	6.95%	4.86%
Rates, Annual & Extra Charges Collectible			
prior period:	29.10%	18.32%	9.14%
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals (Building & Infrastructure assets)</u>	0.00%	0.00%	105.70%
Depreciation, Amortisation & Impairment			
prior period:	16.67%	6.65%	147.20%

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 2012

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	25,983	32,807	35,983	32,807
Investments				
- "Held for Trading"	330	1,743	330	1,743
Receivables	5,538	5,264	5,538	5,318
Other Financial Assets	262	241	262	241
Total Financial Assets	42,113	40,055	42,113	40,109
Financial Liabilities				
Payables	2,775	3,905	2,775	3,651
Loans / Advances	682	753	681	753
Total Financial Liabilities	3,457	4,658	3,456	4,404

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 2012

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 & 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 & recognised at fair values:

2012	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	330	-	-	330
Total Financial Assets	330	-	-	330
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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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
2012				
Possible impact of a 10% movement in Market Values	2	33	(2)	(33)
Possible impact of a 1% movement in Interest Rates	591	591	(591)	(591)
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)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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.

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

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:

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	4,624	-	4,199
Past due by up to 30 days	512	21	1,116	18
Past due between 31 and 180 days	165	-	281	-
Past due by more than 1 year	-	772	-	198
	<u>677</u>	<u>5,417</u>	<u>1,397</u>	<u>4,415</u>
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			548	145
+ new provisions recognised during the year			23	418
- amounts already provided for & written off this year			(15)	(15)
Balance at the end of the year			<u>556</u>	<u>548</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Trade/Other Payables	282	2,493	-	-	-	-	-	2,775	2,775
Loans & Advances	-	123	120	119	119	119	296	896	682
Total Financial Liabilities	282	2,616	120	119	119	119	296	3,671	3,457
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

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:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,775	0.0%	3,905	0.0%
Loans & Advances - Fixed Interest Rate	682	6.9%	753	6.9%
	<u>3,457</u>		<u>4,658</u>	

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 25 June 2012.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	10,874	11,148	274	3%	F
User Charges & Fees	4,129	9,023	4,894	119%	F
Councils original budget did not include extra funding received from Roads and Maritime.					
Interest & Investment Revenue	1,549	1,777	228	15%	F
Council anticipated that the interest rates for the 2012 financial year would be less than than expected due to the Global Financial Crisis and general economic forecasts.					
Other Revenues	2,072	2,226	154	7%	F
Operating Grants & Contributions	10,808	11,254	446	4%	F
Capital Grants & Contributions	6,005	2,168	(3,837)	(64%)	U
Council was anticipating to receive additional grants in 2012 for the Small Town Sewerage Scheme. These funds are now to be expected to be received by Council in the 2013 financial year.					
Net Gains from Disposal of Assets	-	370	370	0%	F

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	10,824	12,062	(1,238)	(11%)	U
Council's Employee Benefits & On-Costs have increased due to the number of full time equivalent employees increasing from 172 to 185 employees.					
Borrowing Costs	54	113	(59)	(109%)	U
In Council's original budget there was no estimate made for remediation costs in relation to its Gravel Pits and Quarry.					
Materials & Contracts	10,296	7,202	3,094	30%	F
The variation is a due to a reclassification between material & contracts and other expenses					
Depreciation & Amortisation	8,955	9,382	(427)	(5%)	U
Other Expenses	1,144	4,228	(3,084)	(270%)	U
The variation is a due to a reclassification between material & contracts and other expenses					
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	9,098	14,127	5,029	55.3%	F
Variations in this activity are mainly due to an increase in Roads and Maritime funding for ordered works.					
Cash Flows from Investing Activities	(19,449)	(20,880)	(1,431)	7.4%	U
Council was anticipating to complete its Small Town Sewerage Scheme. However due to circumstances beyond Council's control it was unable. Council expects that this scheme will be completed in the 2013 financial year.					
Cash Flows from Financing Activities	(71)	(71)	-	0.0%	F

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	393	69	-	21	(50)	-	433	40	(30)	443	-
Other	198	17	-	10	-	-	225	10	(8)	227	-
S94 Contributions - under a Plan	591	86	-	31	(50)	-	658	50	(38)	670	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	591	86	-	31	(50)	-	658				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	-	-	-	-	-	-	-				
Total Contributions	591	86	-	31	(50)	-	658	50	(38)	670	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	22	-	-	1	-	-	23	-	-	23	-
Total	22	-	-	1	-	-	23	-	-	23	-

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	371	69	-	20	(50)	-	410	40	(30)	420	-
Total	371	69	-	20	(50)	-	410	40	(30)	420	-

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	198	17	-	10	-	-	225	10	(8)	227	-
Total	198	17	-	10	-	-	225	10	(8)	227	-

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its 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 2012

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 2012

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 the Infringement Processing Bureau.

ASSETS NOT RECOGNISED: (continued)

(ii) Infringement Notices/Fines (continued)

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 2012

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	2012 Net Profit	2012 Net Assets
Central Western Co-Operative Public Library	<i>Library Services to member Councils</i>	22	122
Regional Waste Facility	<i>JV agreement to develop a regional waste facility</i>		
Strategic Alliance Wellington, Blayney & Cabonne Councils	<i>Investigation and provision of economies of scale opportunities for member Councils</i>		
Southern Phone Company	<i>Telecommunications</i>		

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		276,572	274,222
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	(3,931)
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	(7)
d. Net Operating Result for the Year		4,961	6,288
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		<u>281,533</u>	<u>276,572</u>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	192,347	179,543
Total	<u>192,347</u>	<u>179,543</u>

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

- Opening Balance	179,543	178,208
- Revaluations for the year	9(a) 12,804	4,147
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c) -	(2,812)
- Balance at End of Year	<u>192,347</u>	<u>179,543</u>

TOTAL VALUE OF RESERVES

<u>192,347</u>	<u>179,543</u>
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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 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Council made no correction of errors during the current reporting period.			
d. Voluntary Changes in Accounting Policies			
Voluntary Changes in Accounting Policies actioned in 10/11			
Council made a change in Accounting Policy during 10/11 to not include the Section 355 Committees in the Balance Sheet and Income Statement due to their immaterial nature and minimal impact on the Financial Statements.			
The Section 355 Committees results are now shown in Note 1 (i).			
- 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.			
Council elected to derecognise Land Under Roads owned by Council (as at 30/6/08) in accordance with available choices under the AASB & Code of Accounting Practice & Reporting.			
This had the effect of reducing I,PP&E and Equity.			(2,999)
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	(3,931)
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		-	-
Total Prior Period Adjustments - Accounting Policy Changes		-	(3,931)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	284	1,267	9,597
User Charges & Fees	398	98	8,527
Interest & Investment Revenue	176	122	1,479
Other Revenues	3	19	2,204
Grants & Contributions provided for Operating Purposes	7	17	11,230
Grants & Contributions provided for Capital Purposes	95	678	1,395
Other Income			
Net Gains from Disposal of Assets	-	-	370
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	963	2,201	34,802
Expenses from Continuing Operations			
Employee Benefits & on-costs	51	255	11,756
Borrowing Costs	-	50	63
Materials & Contracts	438	404	6,360
Depreciation & Amortisation	533	713	8,136
Impairment	-	-	18
Other Expenses	138	130	3,960
Interest & Investment Losses	-	-	-
Total Expenses from Continuing Operations	1,160	1,552	30,293
Operating Result from Continuing Operations	(197)	649	4,509
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(197)	649	4,509
Net Operating Result attributable to each Council Fund	(197)	649	4,509
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(292)	(29)	3,114

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

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Cabonne Council

Notes to the Financial Statements
as at 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	3,267	1,765	20,951
Investments	-	-	10,330
Receivables	480	1,883	2,396
Inventories	-	-	1,193
Other	-	-	1
Total Current Assets	3,747	3,648	34,871
Non-Current Assets			
Investments	-	-	-
Receivables	21	75	683
Inventories	-	-	162
Infrastructure, Property, Plant & Equipment	23,399	32,033	384,467
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	262
Total Non-Current Assets	23,420	32,108	385,574
TOTAL ASSETS	27,167	35,756	420,445
LIABILITIES			
Current Liabilities			
Payables	114	163	2,704
Borrowings	-	72	3
Provisions	-	-	4,313
Total Current Liabilities	114	235	7,020
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	595	12
Provisions	-	-	1,512
Total Non-Current Liabilities	-	595	1,524
TOTAL LIABILITIES	114	830	8,544
Net Assets	27,053	34,926	411,901
EQUITY			
Retained Earnings	11,902	20,963	248,668
Revaluation Reserves	15,151	13,963	163,233
Total Equity	27,053	34,926	411,901

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

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 2012, 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 15/10/12.

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 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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 2012

Note 25. Intangible Assets

\$ '000

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2012	2011
Tip Operations	2016	350	349
Quarry Operations	2039	1,047	987
Balance at End of the Reporting Period	10(a)	1,397	1,336

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	1,336	1,278
Effect of a change in discount rates used in PV calculations	-	1
Amortisation of discount (expensed to borrowing costs)	61	57
Total - Reinstatement, rehabilitation and restoration provision	1,397	1,336

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 2012

Note 27. Financial Review

\$ '000

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

Financial Performance Figures	2012	2011	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	11,148	10,649	10,302	9,721	9,451
User Charges Revenue	9,023	6,794	6,594	7,842	6,747
Interest & Investment Revenue (Losses)	1,777	1,825	1,640	1,755	888
Grants Income - Operating & Capital	11,253	11,983	8,963	11,089	9,856
Total Income from Continuing Operations	37,966	35,739	32,901	35,121	31,714
Sale Proceeds from I,PP&E	1,226	1,202	1,222	1,144	1,130
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits & On-cost Expenses	12,062	10,696	10,652	10,651	8,089
Borrowing Costs	113	115	145	123	130
Materials & Contracts Expenses	7,202	6,195	5,960	7,240	7,302
Total Expenses from Continuing Operations	33,005	29,451	27,415	28,838	25,476
Total Cash purchases of I,PP&E	12,955	10,937	14,169	10,905	13,580
Total Loan Repayments (incl. Finance Leases)	71	101	117	114	149
Operating Surplus/(Deficit) (excl. Capital Income)	2,793	2,658	2,298	1,736	315
Financial Position Figures	2012	2011	2010	2009	2008
Current Assets	42,266	40,723	35,504	36,471	36,088
Current Liabilities	7,369	7,485	6,027	6,194	6,816
Net Current Assets	34,897	33,238	29,477	30,277	29,272
Available Working Capital (Unrestricted Net Current Assets)	5,596	7,159	6,114	4,152	8,582
Cash & Investments - Unrestricted	4,999	7,188	4,532	1,780	3,046
Cash & Investments - Internal Restrictions	17,412	15,654	13,904	15,086	10,457
Cash & Investments - Total	36,313	34,550	28,357	29,244	29,409
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	682	753	854	971	1,085
Total Value of I,PP&E (excl. Land & Earthworks)	434,477	432,636	418,280	365,459	352,830
Total Accumulated Depreciation	175,016	177,458	166,202	145,712	190,616
Indicative Remaining Useful Life (as a % of GBV)	60%	59%	60%	60%	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 2012

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

Andrew L Hopkins

RESPONSIBLE ACCOUNTING OFFICER

Stephen Harding

PUBLIC OFFICER

Gerard Aguila

AUDITORS

Morse Group

Elected Members

MAYOR

Ian Gosper

COUNCILLORS

Janelle Culverson

Ian Davison

Geoffrey Dean

Anthony Durkin

Michael Hayes

David Hyde

Lachlan MacSmith

Marlene Nash

Graham Smith

Gregory Treavors

Sharon Wilcox

Other Information

ABN: 419 929 192 00

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

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Cabonne Council (The Council) for the financial year ended 30 June 2012. 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 Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, 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 2012 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) have been prepared in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) are in accordance with applicable Australian Accounting Standards (Including the Australian Accounting Interpretations).
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have emerged in the course of the audit.


MORSE GROUP

237 Lords Place
Orange
Dated:30 October 2012


JD O'MALLEY
PARTNER

30 October 2012

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

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT - Section 417(3)
CABONNE COUNCIL YEAR ENDED 30 JUNE 2012**

We advise having completed our audit of the financial statements of Cabonne Council for the financial year ended 30 June 2012. 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 2012. 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.



Chartered Accountants



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 \$4,961,000 (2011 - \$6,288,000). Selected items of note in the operating statement include:

Revenue

The operating result from ordinary activities *before* capital amounts was \$2,793,000 (2011 – \$2,658,000).

- User charges and fee income grew by \$2,229,000 to \$9,023,000 (2011 - \$6,794,000) with the increase mainly due to additional work performed for RMS (formerly RTA).
- Capital grants and contributions decreased by \$1,462,000 returning to trend levels following significant grants in 2011 for the small towns sewer project and remediation of the former Molong gasworks site.

Expenditure

- Employee costs were higher than 2011. The increase was mainly due to the reduction in discount rates applied to employee leave entitlements, coupled with a lower level of capitalised labour.
- Materials and contract costs increased \$1,007,000 to \$7,202,000 (2011 - \$6,195,000) the increase is consistent with the growth in work carried out for RMS.
- Depreciation and Amortisation has seen a further slight increase, as was expected following the revaluation of other structures last year. The expense was \$9,382,000 this year compared with \$9,128,000 in 2011.
- Other expenses were higher this year due to the inclusion of Macquarie Valley Weeds operations under the auspices of the Council. This is disclosed in the line item "Contribution / Levies to other levels of Government".

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

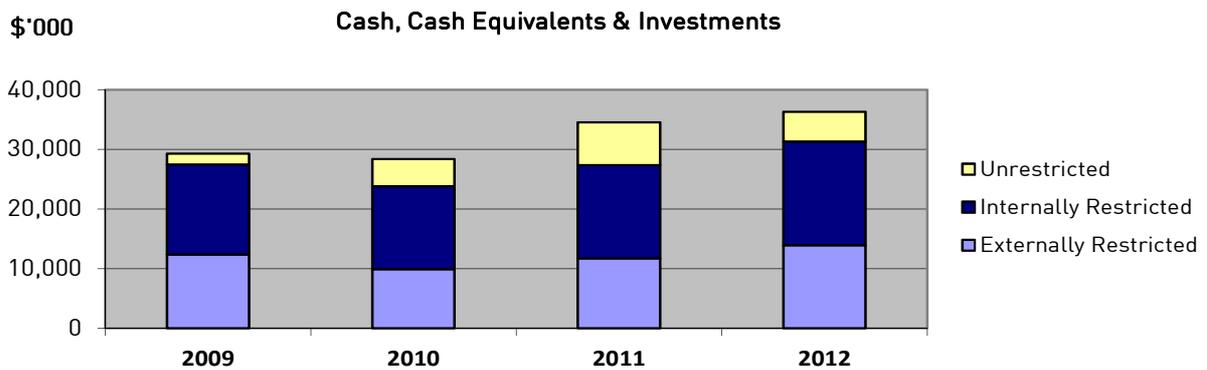
(b) Financial Position

The Balance Sheet discloses that for the year ended 30 June 2012 Council's net assets stood at \$473,880,000 (2011 - \$456,115,000), which represents an increase of \$17,765,000. The increase comprises the net operating surplus after capital amounts of \$4,961,000 and the net revaluation increment attributable to the revaluation of Council's water and sewer infrastructure of \$12,804,000.

To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions is summarised as follows: -

	2012 \$'000	2011 \$'000
Net current assets	34,897	33,238
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(16,273)	(13,768)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(17,412)	(15,654)
Add: Applicable current liabilities refer Note 10		
- Water	114	123
- Sewerage	235	134
- Other	173	173
Add: Employee Leave Entitlements to be paid > 12 months	3,332	2,458
Unrestricted net current asset surplus/(deficit)	<u>5,066</u>	<u>6,704</u>
Unrestricted net current assets comprise: -		
Assets		
Cash	4,999	7,188
Receivables	2,388	2,708
Real estate development land	847	863
Inventories	346	522
Prepayments	1	20
	<u>8,581</u>	<u>11,301</u>
Less:		
Liabilities	(6,847)	(7,055)
Plus:		
Employee Leave Entitlements To be paid > 12 months	3,332	2,458
Unrestricted net current asset surplus/ (deficit)	<u>5,066</u>	<u>6,704</u>

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 \$36,313,000 (2011 - \$34,550,000), of this amount \$13,902,000 (2011 - \$11,708,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$17,412,000 (2011 - \$15,654,000) 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 \$4,999,000 (2011 - \$7,188,000) 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 Ratio

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 7.25:1 (2011: 5.74:1) 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 0.41% (2011 - 0.63%) 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 29.36% (2011 – 29.80%) is consistent with prior years.

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 5.18% (2011 – 10.76%) has improved considerably against the prior year, reflecting effective debtor management.

Each percentage point movement in this ratio equates to approximately \$125,000.

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 89.47% in the current year prima facie 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 (\$6,824,000) (2011 increase - \$6,575,000) as follows:

	2012 \$'000	2011 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	14,127	15,829	(1,702)
Investing activities	(20,880)	(9,153)	(11,727)
Financing activities	(71)	(101)	30
	<hr/>		
Net increase / (decrease) in cash held	(6,824)	6,575	(13,399)

Cash flows from operating activities

The cashflows from operating activities have decreased due to the increased payments for materials and contracts.

Cash flows from investing activities

Cash outflows related to acquisitions of infrastructure, property, plant and equipment were up substantially, with several items of heavy plant replaced in addition to capital works on roads and sewer infrastructure.

Cash flows from financing activities

The net cash flow used in financing activities was \$71,000 (2011 - \$101,000), 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 \$4,961,000 was \$797,000 more than Council's original estimates.

The intent of this report does not include detailed analysis of individual budget variations. 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 2012. Council has determined that it has three business units within its operations: Water, Sewerage and Quarry.

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 2012 has been issued.

Management Letters

Our most recent management letter was issued on 17 July 2012. 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 2012 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.

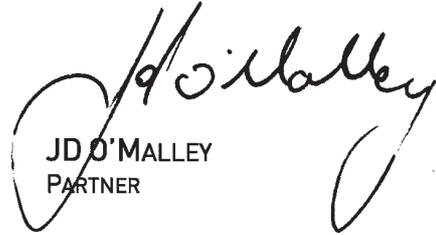
Conclusion

- (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: 30 October 2012



JD O'MALLEY
PARTNER

Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

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



Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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Background

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

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

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

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

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

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

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 15 October 2012.



Ian Gosper
MAYOR



Kevin Walker
COUNCILLOR



Andrew L Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	284	246	202
User charges	398	297	423
Fees	-	-	-
Interest	176	131	132
Grants and contributions provided for non capital purposes	7	60	313
Profit from the sale of assets	-	-	-
Other income	3	61	121
Total income from continuing operations	868	795	1,191
Expenses from continuing operations			
Employee benefits and on-costs	51	215	182
Borrowing costs	-	-	-
Materials and contracts	438	205	269
Depreciation and impairment	533	532	496
Water purchase charges	-	-	-
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	138	248	215
Total expenses from continuing operations	1,160	1,200	1,162
Surplus (deficit) from Continuing Operations before capital amounts	(292)	(405)	29
Grants and contributions provided for capital purposes	95	194	10
Surplus (deficit) from Continuing Operations after capital amounts	(197)	(211)	39
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(197)	(211)	39
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(9)
SURPLUS (DEFICIT) AFTER TAX	(197)	(211)	30
plus Opening Retained Profits	12,143	12,354	12,315
plus/less: Other Adjustments	(44)	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	9
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	11,902	12,143	12,354
Return on Capital %	-1.2%	-2.0%	0.1%
Subsidy from Council	1,001	1,480	1,000
Calculation of dividend payable:			
Surplus (deficit) after tax	(197)	(211)	30
less: Capital grants and contributions (excluding developer contributions)	(95)	(194)	(10)
Surplus for dividend calculation purposes	-	-	20
Potential Dividend calculated from surplus	-	-	10

Cabonne Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	1,267	1,192	1,201
User charges	98	98	120
Liquid Trade Waste charges	-	-	-
Fees	-	3	2
Interest	122	124	130
Grants and contributions provided for non capital purposes	17	35	31
Profit from the sale of assets	-	-	-
Other income	19	60	72
Total income from continuing operations	1,523	1,512	1,556
Expenses from continuing operations			
Employee benefits and on-costs	255	206	546
Borrowing costs	50	57	63
Materials and contracts	404	224	262
Depreciation and impairment	713	1,042	685
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	130	243	204
Total expenses from continuing operations	1,552	1,772	1,760
Surplus (deficit) from Continuing Operations before capital amounts	(29)	(260)	(204)
Grants and contributions provided for capital purposes	678	1,426	1,315
Surplus (deficit) from Continuing Operations after capital amounts	649	1,166	1,111
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	649	1,166	1,111
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	649	1,166	1,111
plus Opening Retained Profits	20,326	19,160	18,049
plus/less: Other Adjustments	(12)	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	20,963	20,326	19,160
Return on Capital %	0.1%	-0.7%	-0.5%
Subsidy from Council	950	1,816	1,604
Calculation of dividend payable:			
Surplus (deficit) after tax	649	1,166	1,111
less: Capital grants and contributions (excluding developer contributions)	(678)	(1,426)	(1,315)
Surplus for dividend calculation purposes	-	-	-
Potential Dividend calculated from surplus	-	-	-

Cabonne Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

\$ '000	Quarry		Private Works	
	Category 2		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Income from continuing operations				
Access charges	-	-	-	-
User charges	2,022	1,112	-	139
Fees	-	-	-	-
Interest	25	21	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
Total income from continuing operations	2,047	1,133	-	139
Expenses from continuing operations				
Employee benefits and on-costs	812	204	-	21
Borrowing costs	-	-	-	-
Materials and contracts	330	451	-	97
Depreciation and impairment	157	240	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	405	370	-	-
Total expenses from continuing operations	1,704	1,265	-	118
Surplus (deficit) from Continuing Operations before capital amounts	343	(132)	-	21
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	343	(132)	-	21
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	343	(132)	-	21
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(103)	-	-	(6)
SURPLUS (DEFICIT) AFTER TAX	240	(132)	-	15
plus Opening Retained Profits	1,171	1,303	-	973
plus/less: Other Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	103	-	-	6
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	1,514	1,171	-	994
Return on Capital %	27.1%	-8.4%	n/a	n/a
Subsidy from Council	-	214	-	-

Cabonne Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	3,267	3,446
Investments	-	-
Receivables	480	392
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,747	3,838
Non-Current Assets		
Investments	-	-
Receivables	21	18
Inventories	-	-
Infrastructure, property, plant and equipment	23,399	20,633
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	23,420	20,651
TOTAL ASSETS	27,167	24,489
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	114	44
Interest bearing liabilities	-	-
Provisions	-	79
Total Current Liabilities	114	123
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	114	123
NET ASSETS	27,053	24,366
EQUITY		
Retained earnings	11,902	12,143
Revaluation reserves	15,151	12,223
Council equity interest	27,053	24,366
Minority equity interest	-	-
TOTAL EQUITY	27,053	24,366

Cabonne Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	1,765	2,037
Investments	-	-
Receivables	1,883	1,660
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,648	3,697
Non-Current Assets		
Investments	-	-
Receivables	75	82
Inventories	-	-
Infrastructure, property, plant and equipment	32,033	30,952
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	32,108	31,034
TOTAL ASSETS	35,756	34,731
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	163	67
Interest bearing liabilities	72	67
Provisions	-	-
Total Current Liabilities	235	134
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	595	667
Provisions	-	146
Total Non-Current Liabilities	595	813
TOTAL LIABILITIES	830	947
NET ASSETS	34,926	33,784
EQUITY		
Retained earnings	20,963	20,326
Revaluation reserves	13,963	13,458
Council equity interest	34,926	33,784
Minority equity interest	-	-
TOTAL EQUITY	34,926	33,784

Cabonne Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

\$ '000	Quarry		Private Works	
	Category 2		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
ASSETS				
Current Assets				
Cash and cash equivalents	642	-	-	969
Investments	-	-	-	-
Receivables	262	207	-	29
Inventories	150	320	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	1,054	527	-	998
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	20	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,265	1,576	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,265	1,596	-	-
TOTAL ASSETS	2,319	2,123	-	998
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	-	4
Interest bearing liabilities	730	897	-	-
Provisions	75	55	-	-
Total Current Liabilities	805	952	-	4
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
TOTAL LIABILITIES	805	952	-	4
NET ASSETS	1,514	1,171	-	994
EQUITY				
Retained earnings	1,514	1,171	-	994
Revaluation reserves	-	-	-	-
Council equity interest	1,514	1,171	-	994
Minority equity interest	-	-	-	-
TOTAL EQUITY	1,514	1,171	-	994

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies

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

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

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

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

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

Category 1

(where gross operating turnover is over \$2 million)

a. Cabonne Council – Agricultural Quarry

Supplies agricultural lime, limestone aggregates and readymixed concretel

Category 2

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

a. Cabonne Council Combined Water Supplies

Water supply operations servicing the towns of Molong, Yeoval and Cumnock, established as a combined special rate fund.

b. Cabonne Council Combined Sewerage Supplies

Sewerage reticulation and treatment operations servicing the towns of Molong, Eugowra, Canowindra, Cudal, Yeoval, Cumnock and Manildra. These are reported under two special rate funds:

- (i) *Cabonne Sewer Fund, servicing the towns of Molong, Canowindra and Eugowra, and*
- (ii) *Small Twon Sewer Fund, servicing the towns of Manildra, Cudal, Cumnock and Yeoval*

Monetary Amounts

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

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Employee Leave Entitlements

Water Fund & Sewer Fund leave liabilities are managed by Council's General Fund. Under this arrangement, Water Fund & Sewer Fund pay the discounted employees leave liability accruals (relating to each year) to General Fund and these are then paid by General Fund as and when employees take their leave. Accordingly, Water & Sewer Fund report no employee leave liabilities in their Balance Sheet at Year End, having fully extinguished the liability by their respective payments to General Fund each year.

(i) Taxation Equivalent Charges

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

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

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

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

Income Tax

An income tax equivalent has been applied on the profits of the business.

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

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

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

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

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

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.03% at 30/6/12.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2012

1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	-
(ii) No of assessments multiplied by \$3/assessment	3,621
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for Tax Equivalents	

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	36,210
(iii) Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(676,700)

2012 Surplus	(292,000)	2011 Surplus	(405,000)	2010 Surplus	20,300
		2011 Dividend	-	2010 Dividend	-

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

3. Required outcomes for 6 Criteria

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

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

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	693
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	58.36%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	22,415
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	646
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	396
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-2.00%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	95

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

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2012

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	7,764
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	77,640
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(493,000)

2012 Surplus	(29,000)	2011 Surplus	(260,000)	2010 Surplus	(204,000)
		2011 Dividend	-	2010 Dividend	-

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

3. Required outcomes for 4 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	1,401
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	29,641
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	839
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,292
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.47%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	678

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	2,094
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.00%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,688
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-1.12%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2012

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-7.04%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		- 619 298
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(321)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	-

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

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

Report on the Financial Statements

We have audited the special purpose financial statements of Cabonne Council for the year ended 30 June 2012, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

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



Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Cabonne Council (Council) for the year ended 30 June 2012 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, the special purpose financial statements of Cabonne Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Division of Local Government or for any purpose other than for which the statements were prepared.


MORSE GROUP

237 Lords Place
Orange
Dated: 30 October 2012


J. O'MALLEY
PARTNER

Cabonne Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

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



Cabonne Council

Special Schedules

for the financial year ended 30 June 2012

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Cabonne Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	709	257	-	(452)
Administration	2,679	601	-	(2,078)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	745	(13)	282	(476)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	142	3	-	(139)
Other	-	-	-	-
Total Public Order & Safety	887	(10)	282	(615)
Health	399	72	-	(327)
Environment				
Noxious Plants and Insect/Vermin Control	1,488	1,267	-	(221)
Other Environmental Protection	95	31	94	30
Solid Waste Management	1,448	1,456	-	8
Street Cleaning	143	-	-	(143)
Drainage	23	74	-	51
Stormwater Management	-	-	-	-
Total Environment	3,197	2,828	94	(275)
Community Services and Education				
Administration & Education	171	17	-	(154)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	481	579	-	98
Children's Services	898	846	-	(52)
Total Community Services & Education	1,550	1,442	-	(108)
Housing and Community Amenities				
Public Cemeteries	144	49	-	(95)
Public Conveniences	113	-	-	(113)
Street Lighting	-	-	-	-
Town Planning	311	210	-	(101)
Other Community Amenities	4	1	-	(3)
Total Housing and Community Amenities	572	260	-	(312)
Water Supplies	1,219	869	96	(254)
Sewerage Services	1,625	1,522	678	575

Cabonne Council

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

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	228	49	2	(177)
Museums	113	19	-	(94)
Art Galleries	-	-	-	-
Community Centres and Halls	252	5	5	(242)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	16	1	-	(15)
Sporting Grounds and Venues	243	1	-	(242)
Swimming Pools	427	-	-	(427)
Parks & Gardens (Lakes)	331	9	-	(322)
Other Sport and Recreation	308	51	23	(234)
Total Recreation and Culture	1,918	135	30	(1,753)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	518	100	-	(418)
Other Mining, Manufacturing & Construction	1,742	2,069	-	327
Total Mining, Manufacturing and Const.	2,260	2,169	-	(91)
Transport and Communication				
Urban Roads (UR) - Local	6,341	2,673	188	(3,480)
Urban Roads - Regional	7,320	7,028	551	259
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	276	-	-	(276)
Bridges on SRR - Local	103	-	-	(103)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	226	226
Parking Areas	-	-	-	-
Footpaths	343	25	-	(318)
Aerodromes	-	-	-	-
Other Transport & Communication	490	149	23	(318)
Total Transport and Communication	14,873	9,875	988	(4,010)
Economic Affairs				
Camping Areas & Caravan Parks	282	136	-	(146)
Other Economic Affairs	835	541	-	(294)
Total Economic Affairs	1,117	677	-	(440)
Totals – Functions	33,005	20,697	2,168	(10,140)
General Purpose Revenues⁽²⁾		15,101		15,101
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	33,005	35,798	2,168	4,961

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Cabonne Council

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

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	65	664	729	-	65	-	-	51	69	595	664
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	65	664	729	-	65	-	-	51	69	595	664
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	6	18	24	-	6	-	-	1	6	12	18
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	6	18	24	-	6	-	-	1	6	12	18
Total Debt	71	682	753	-	71	-	-	52	75	607	682

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

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

Cabonne Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	(22)	116
b. Engineering and Supervision	-	77
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	196	-
b. Maintenance expenses	-	69
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	164	67
- Reservoirs		
e. Operation expenses	20	1
f. Maintenance expenses	27	35
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	24	17
i. Maintenance expenses	46	47
- Treatment		
j. Operation expenses (excluding chemical costs)	103	25
k. Chemical costs	14	17
l. Maintenance expenses	74	97
- Other		
m. Operation expenses	-	25
n. Maintenance expenses	-	21
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	449	456
b. Plant and equipment	66	77
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	53
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,161	1,200

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges		
a. Access (including rates)	284	238
b. Usage charges	398	236
7. Non-residential charges		
a. Access (including rates)	-	51
b. Usage charges	-	105
8. Extra charges		7
9. Interest income	176	124
10. Other income	3	9
11. Grants		
a. Grants for acquisition of assets	95	121
b. Grants for pensioner rebates	-	13
c. Other grants	8	13
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	72
13. Total income	<u>964</u>	<u>989</u>
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	<u>(197)</u>	<u>(211)</u>
15a. Operating Result (less grants for acquisition of assets)	(292)	(332)

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	392	-
b. New Assets for Growth	-	-
c. Renewals	-	-
d. Plant and equipment	4	406
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	396	406
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	960	952
b. Residential (unoccupied, ie. vacant lot)	68	70
c. Non-residential (occupied)	179	180
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 23,478	\$ 23,675

Cabonne Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>
* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.			
However, disclosure of cross-subsidies is not required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.			

Cabonne Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,267	-	3,267
31. Receivables			
a. Specific purpose grants	7	-	7
b. Rates and Availability Charges	6	21	27
c. Other (including User Charges)	467	-	467
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets		22,415	22,415
b. Plant and equipment		984	984
34. Other assets	-	-	-
35. Total assets	<u>3,747</u>	<u>23,420</u>	<u>27,167</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	114	-	114
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>114</u>	<u>-</u>	<u>114</u>
41. NET ASSETS COMMITTED	<u>3,633</u>	<u>23,420</u>	<u>27,053</u>
EQUITY			
42. Accumulated surplus			11,902
43. Asset revaluation reserve			15,151
44. TOTAL EQUITY			<u>27,053</u>
Note to system assets:			
45. Current replacement cost of system assets			40,636
46. Accumulated current cost depreciation of system assets			(18,221)
47. Written down current cost of system assets			<u>22,415</u>

Cabonne Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	-	39
b. Engineering and Supervision	-	59
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	9
b. Maintenance expenses	-	29
- Pumping Stations		
c. Operation expenses (excluding energy costs)	839	106
d. Energy costs	-	22
e. Maintenance expenses	-	36
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	127
g. Chemical costs	-	-
h. Energy costs	-	29
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	-	104
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	532	857
b. Plant and equipment	181	185
4. Miscellaneous expenses		
a. Interest expenses	-	57
b. Revaluation Decrements	-	-
c. Other expenses	-	113
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	1,552	1,772

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	1,267	1,125
7. Non-residential charges		
a. Access (including rates)	-	112
b. Usage charges	98	113
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	19
10. Interest income	122	105
11. Other income	19	22
12. Grants		
a. Grants for acquisition of assets	678	1,402
b. Grants for pensioner rebates	-	30
c. Other grants	17	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	10
14. Total income	<u>2,201</u>	<u>2,938</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>649</u>	<u>1,166</u>
16a. Operating Result (less grants for acquisition of assets)	(29)	(236)

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,263	2,395
c. Renewals	-	-
d. Plant and equipment	29	242
18. Repayment of debt		
a. Loans	72	49
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	1,364	2,686
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	2,067	2,058
b. Residential (unoccupied, ie. vacant lot)	191	189
c. Non-residential (occupied)	295	297
d. Non-residential (unoccupied, ie. vacant lot)	35	35
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 53,565	\$ 54,330

Cabonne Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

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

Cabonne Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,765	-	1,765
32. Receivables			
a. Specific purpose grants	1,064	-	1,064
b. Rates and Availability Charges	13	75	88
c. Other (including User Charges)	806	-	806
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	29,641	29,641
b. Plant and equipment	-	2,392	2,392
35. Other assets	-	-	-
36. Total Assets	<u>3,648</u>	<u>32,108</u>	<u>35,756</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	163	-	163
39. Borrowings			
a. Loans	72	595	667
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	<u>235</u>	<u>595</u>	<u>830</u>
42. NET ASSETS COMMITTED	<u>3,413</u>	<u>31,513</u>	<u>34,926</u>
EQUITY			
42. Accumulated surplus			20,963
44. Asset revaluation reserve			13,963
45. TOTAL EQUITY			<u>34,926</u>
Note to system assets:			
46. Current replacement cost of system assets			38,255
47. Accumulated current cost depreciation of system assets			(8,614)
48. Written down current cost of system assets			<u>29,641</u>

Cabonne Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2012

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Cabonne Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	37,966	35,656	33,622	34,436	35,476
Expenses from continuing operations	33,005	29,778	29,061	29,935	31,022
Operating Result from Continuing Operations	<u>4,961</u>	<u>5,878</u>	<u>4,561</u>	<u>4,501</u>	<u>4,454</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	7,308	12,184	5,584	5,858	5,737
Replacement/Refurbishment of Existing Assets	5,548	9,573	4,388	4,602	4,507
Total Capital Budget	<u>12,856</u>	<u>21,757</u>	<u>9,972</u>	<u>10,460</u>	<u>10,244</u>
Funded by:					
– Loans	-	2,000	1,000	-	-
– Asset sales	1,226	800	750	750	750
– Reserves	4,166	11,557	822	2,310	2,094
– Grants/Contributions	7,464	7,150	7,100	7,100	7,100
– Recurrent revenue	-	250	300	300	300
– Other	-	-	-	-	-
	<u>12,856</u>	<u>21,757</u>	<u>9,972</u>	<u>10,460</u>	<u>10,244</u>

Notes:

(1) From 11/12 Income Statement.

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

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

(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.



Payment of Expenses and Provision of Facilities for Mayor and Councillors 2012 Policy

1 Document Information

Version Date <i>(Draft or Council Meeting date)</i>	[21 November 2011]
Author	Administration Manager
Owner <i>(Relevant director)</i>	Director of Finance & Corporate Services
Status – <i>Draft, Approved, Adopted by Council, Superseded or Withdrawn</i>	Adopted by Council
Next Review Date	August each year – submitted to DLG by 30 November
Minute number <i>(once adopted by Council)</i>	11/11/28

2 Summary

The purpose of the policy is to ensure that there is accountability and transparency in the reimbursement of expenses incurred or to be incurred by councillors. The policy also ensures that the facilities provided to assist councillors to carry out their civic duties are reasonable.

Approvals

Title	Date Approved	Signature
General Manager		

3 History

Minute No.	Summary of Changes	New Version Date
00/1/10	Complete Review	17/01/00
01/02/10	Addition of Uniform Contribution	19/02/01
04/05/16	Amended	17/05/04
05/07/9	Amended after advertising to allow for laptops for councillors and a mobile phone for the Mayor	18/07/05

Version Date: [21 November 2011]

Draft	Amended to comply with DLG updated guidelines – Circular 07-22 refers	October 2008
08/10/15	Draft amended at October 2008 Council meeting to add provision for Internet access reimbursement and advertised for public submissions.	
08/12/26	Adopted without further change at December 2008 Council meeting	December 2008
09/06/14	Amended at June Council Meeting that where individual limits are set for Councillors such limitations are a global amount and not a strict individual limit.	15/06/09
09/08/36 - 2	Credit Card facility for Mayor with \$3,000 limit approved	17 August 2009
Draft	Policy reviewed in accordance with DLG revised Guidelines October 2009. Additional clarification added (pg 10) in relation to non payment of expenses relating to political fundraising events, or donations to a political party or candidate's electoral fund. A process to resolve any disputes that arise about the provision of expenses and facilities was added (page 8). No other substantial change required. Submitted to October Council meeting.	October 2009
09/11/10	Adopted without further change at November 2009 Council meeting	November 2009
10/02/17	Readopted by Council	15 February 2010
10/08/17, 18, and 19	Reviewed for 2011. Draft prepared for September 2010 Council meeting. Corrected omission of annual maximum limits for Mayoral Phone, vehicle and noted Councillors' out of area travel covered within travel expense item. Provision of credit card and multifunction printer/copier/scanner and consumables for at home use by Mayor added	August 2010
	Council determined to withdraw the provision of a multifunction printer/copier/scanner and consumables for at home use by the Mayor.	September 2010
10/11/15	Adopted by Council – additionally “Department” updated with “Division”.	15 November 2010
	Reviewed for 2012. Draft prepared for September Council meeting. No substantial changes made.	September 2011
11/11/28	Readopted by Council	November 2011

4 Reason

Councillor expenses and facilities policies are made under the Local Government Act 1993 (“the Act”) and in accordance with sections 252 and 253 of the Act as well as clause 403 of the Local Government (General) Regulation 2005 (‘the Regulation’).

Under section 252(5) of the Act councillor expenses and facilities policies must comply with the provisions of the Act, the Regulation, guidelines provided by the Division of Local Government and other policies nominated in said guidelines.

Under section 440 each council must adopt a code of conduct that incorporates the provisions of the *Model Code of Conduct for Local Councils in NSW* (the Model Code of Conduct).

5 Scope

This Policy applies to all councillors.

Principles Guiding This Policy

The overriding principle of this policy is that the provisions made in regard to expenses and facilities for councillors are acceptable to, and meet the expectations of the local community.

The following are important elements of the principles that underpin this policy:-

Councillor conduct

As required by section 439 of the Local Government Act 1993 (LGA) and reinforced in the Model Code of Conduct provisions, councillors must act lawfully, honestly and exercise a reasonable degree of care and diligence in carrying out their functions;

Councillors are to be mindful of the provisions of the Anti-Discrimination Act 1977 which make it unlawful for any member or members of a council of a local government area when acting (whether alone or together) in the course of his, her or their official functions to discriminate against another member of the council on the grounds of race, sex, transgender, marital status, disability, responsibilities as a carer or homosexuality.

Equity, access and ability to participate

This policy is to be applied in a non-discriminatory and equitable manner to enable full participation by councillors from varied walks of life, allowing representation of the community in different ways and accommodating individual differences;

Council values a diversity of representation. This expense and facility policy will be interpreted such that any under-represented groups within the community will not be discouraged from undertaking the civic duties of a councillor by reason of financial or other disadvantage;

Similarly this policy will be interpreted so that reasonable provision for the special needs of councillors is accommodated. This will include access to the appropriate parts of council premises and facilities and maximise participation in the civic duties and business of council. It will also include provision for sight or hearing impaired councillors, those with other disabilities and make reasonable transportation provisions for those unable or unwilling to drive a vehicle.

Accountability and transparency

This policy details both the specific expenses for which councillors are entitled to receive reimbursement and the facilities they are entitled to access. Councillors may only receive these where they are so identified. This Policy document will be open to public scrutiny at all times;

Annual reporting requirements as defined in the LGA, associated Regulation and DLG Guidelines are included in this policy and will be followed;

Reasonable and relevant expenses

This policy provides for the provision of reasonable and relevant expenses in relation to the role as a councillor and which are in proportion to the size and extent of affordability by the operations of Cabonne Council.4.1.5 Defined limits over expenses and facilities

All expenses defined in this policy are associated with specific monetary limits where practicable and appropriate. Similarly standards for the provision of equipment and facilities provided to councillors are defined. No provision for a "General" expense or allowance is included in this policy.4.1.6 Annual fees and expenses a separate issue

The Local Government Remuneration Tribunal has adopted the principle that expenses reasonably incurred by councillors are outside provisions made under the annual fee determinations. Accordingly this policy does not require councillors to pay for some of their expenses from their annual fee since it is recognised that this can have the effect of financially disadvantaging councillors.4.1.7 Expenses and allowances

Only payment or reimbursement of actual expenses incurred by councillors in carrying out their civic duties is permitted under this policy.

Payment will generally be way of reimbursement after the event. Consideration will be given to a request by a councillor for the provision of an advance payment for the cost of a service associated with a civic duty. Expenses typically paid in advance are specified. Payments in advance are subject to reconciliation within 60 days.

There are no circumstances in which legal expenses will be met by a council for proceedings initiated by a councillor. Nor will legal expenses be met for a councillor defending any action in a matter not rising directly as a result of his or her civic duty.

Councillors using private vehicles in carrying out their civic duties will be paid the mileage allowance at the then current rate set by the Local Government (State) Award;

Approval arrangements

This policy defines approval arrangements, and requires more than one person as decision maker in order to prevent potential conflicts.

Private benefit

Councillors will not generally obtain private benefit from the provision of equipment and facilities, nor from travel bonus or any other such loyalty schemes. However, it is acknowledged that incidental use of council equipment and facilities may occur from time to time. Such incidental private use is not subject to a compensatory payment.

Where more substantial private use has occurred, the Act provides that a payment may be made to cover the level of that private use. Council has established that this would be at the current rate set by the Local Government (State) Award in the case of kilometres using council vehicles incurred by councillors on Council duties and at an agreed rate for private use by the Mayor in the mayoral vehicle (as provided by section 252(2) of the Act);

6 Associated Legislation

A policy for the payment of expenses and the provision of facilities for councillors is made under section 252 of the Local Government Act 1993 and in accordance with clause 403 of the Local Government (General) Regulation 2005.

Other policy provisions, which should be considered, include the DLG guidelines, Division of Local Government circulars to councils, the Model Code of Conduct for Local Councils in NSW and the Independent Commission against Corruption publication No Excuse for Misuse.

Details of relevant statutory requirements and other policy provisions are at APPENDIX 2 of the DLG guidelines (circular 07-22).

7 Definitions

“DLG” – Division of Local Government

“Act” – Local Government Act 1993

“Regulation” – Local Government (General) Regulation 2005

8 Responsibilities

8.1 General Manager

Jointly with the Mayor, (or Deputy Mayor if the expense relates to the Mayor), approve expenses that are to be incurred prior to the opportunity to be reported to a Council meeting.

The General Manager and/or Director of Finance & Corporate Services is required to ensure the return of equipment and services when such return is required by the policy and the equipment or facility is not acquired by councillors.

8.2 Directors and Managers

The Director of Finance & Corporate Services and/or General Manager is required to ensure the return of equipment and services when such return is required by the policy and the equipment or facility is not acquired by departing councillors.

The Finance Manager is required to ensure accounting staff are provided with and process the Mayor’s motor vehicle log books and mobile telephone account indicating private calls made.

The Administration Manager is required to determine availability of a vehicle for councillors when appropriate.

The Finance Manager and Administration Manager are responsible for providing an annual report to Council each September providing a break-up of expenses provided under the headings of Councillor or staff member, type and amount of expense, facility or other in-kind benefit, etc for the previous financial year.

8.3 Staff

The General Manager's Personal Assistant is required to provide Secretarial services for the Mayor.

9 Related Documents

Document Name	Document Location
DLG Guidelines for payment of expenses and provision of facilities	DLG website
Model Code of Conduct	DLG website
DLG Circulars to councils	DLG website
ICAC publications – No Excuse for Misuse, preventing the misuse of council resources	ICAC website
Mobile Phone Policy	Council's Policy database
Councillors Approval Request Form To Attend Conference	infoXpert

10 Policy Statement

Wherever possible this Policy uses the suggested format by the DLG whilst complying with Council's standard Policy template.

Part 1 - INTRODUCTION

Reporting requirements

Review

Councils are required on an annual basis to review and submit their policy to the Division of Local Government within 28 days of adoption by council, even if they propose to adopt an unchanged policy. Policies must be submitted by **30 November each year**.

Annual reporting requirements

Section 428 of the *Local Government Act 1993* requires councils to include in their annual report:

- the council's policy on the provision of facilities for, and the payment of expenses to, mayors and councillors

- the total amount of money expended during the year on providing those facilities and paying those expenses
- additional information as required by the Local Government (General) Regulation 2005.

Additional annual reporting requirements

Amendments to clause 217 of the Local Government (General) Regulation 2005 made in December 2006 now require councils to include additional reporting information in their annual reports.

The additional reporting information required is for the purposes of transparency and accountability and should not be seen as a disincentive for the payment of appropriate expenses to councillors.

Councils are now required to report separately on:

- the total cost of expenses and the provision of facilities for the mayor and all councillors, as well as:

Provision of facilities

The cost of the provision of dedicated office equipment allocated to councillors on a personal basis such as laptop computers, mobile phones, telephones and facsimile machines and Internet installed in the councillors' homes (including line rental and internet access). This item does not include the costs of using this equipment, such as calls.

Expenses

- the cost of phone calls including mobiles, home located landlines, facsimile and internet services
- spouse/partner/accompanying person expenses (limited to circumstances outlined on page 14 of the DLG Guidelines)
- conference and seminar expenses
- training and skill development expenses
- Interstate travel expenses (including subsistence and out-of-pocket expenses)
- overseas travel expenses (including subsistence and out-of-pocket expenses)
- care and other related expenses (of dependants to enable a councillor to undertake his or her civic functions).

Reporting of exceptional equipment and facilities costs

In addition to the statutory reporting requirements, councils should report other costs where these are significant. For example, councils should report the cost of the provision of facilities and equipment where such provision is above what would **normally** be required for the day-to-day running of the council.

Legislative provisions

Expenses and facilities policies must not include a general expense clause.

Clause 403 (previously 42A) of the Local Government (General) Regulation 2005 provides that councils must not include in their section 252 policies any provision that enables council to pay a councillor an allowance in the nature of a general expense allowance.

Section 252 of the *Local Government Act 1993* only **authorises payment or reimbursement of actual expenses incurred by councillors in carrying out their civic duties**. It is not appropriate or lawful for councils to pay general allowances unrelated to actual expenses incurred or designed to supplement councillors' annual fees.

Monetary limits to expenses

It is the responsibility of individual councils to establish what they would consider a **reasonable level of provision** by determining their own monetary limits and/or rates for the payment of expenses and other benefits to their councillors. **These limits have been determined and are clearly stated in the policy.**

Identifying and publishing monetary limits allows members of the public to know the expected cost of providing services to councillors and to make comment during the public consultation phase of making or amending the policy. It also avoids situations where councillors incur costs that are unforeseen or considered unreasonable by other councillors and the public.

Standard of provision of equipment and facilities

The DLG guidelines do not specify a specific standard for the provision of equipment and facilities to councillors. As with expenses, it is the responsibility of councils to establish and define an appropriate and reasonable level of provision that would enable councillors to effectively carry out their civic duties. **Council has determined the level of equipment and facilities to be provided to the Mayor and councillors. These are detailed in the policy.**

Approval arrangements for claiming expenses and use of facilities

Approval of councillor expenses will be consistent with the stated guiding principle that no one person is the sole decision maker in giving approval.

Part 2 - PAYMENT OF EXPENSES

General Provisions

Whenever possible approval for discretionary trips and attendance at conferences and the like should be approved at a Council meeting. If this is not possible then the approval should be given jointly by the Mayor and the General Manager. If the Mayor requires approval to travel outside of council meetings it should be given jointly by the Deputy Mayor and the General Manager.

Travel involving an overnight stay will require prior approval with full details of the travel. This should include itinerary, costs and reasons for the travel being provided;

Approval to meet expenses will only be given when the function is relevant to the council's interest. No approval will be given for any cost component that is additional, or not relevant to, the service cost of the function.

Should dispute(s) arise about the provision of expenses and facilities the matter is to be resolved by determination of the General Manager, in compliance with Council's Policy, in the first instance. Should the councillor consider the General Manager's determination to be incorrect then the matter shall be reported for determination by the Full Council at the next available Council meeting.

Payment of expenses generally

a) Allowances, expenses and motor vehicle availability

In accordance with the LGA this policy does not permit:

- i. The payment to any councillor of an allowance in the nature of a general expense or allowance;
- ii. The exclusive or primary use of a motor vehicle by any councillor other than a Mayor (or Deputy Mayor under specific conditions).

b) Reimbursement and reconciliation of expenses

- i. Reimbursement of costs and expenses to councillors will only be made upon the production of appropriate receipts and tax invoices, and the completion of the required claim forms.
- ii. Expenses and costs incurred must be in accordance with the requirements of this policy.
- iii. The maximum time limit for councillors to seek reimbursement for their expenses is within 60 days from the date of the receipt, invoice or voucher.

c) Payment in advance

Councillors may request payment in advance in anticipation of expenses to be incurred in attending conferences, seminars and training away from home. Councillors may also request an advance payment for the cost of any other service or facility covered by the policy. However, councillors must fully reconcile all expenses against the cost of the advance when they return within the above time limit.

Allowance type payments are not payable in any circumstances.

Establishment of monetary limits and standards

Note: where individual limits are set for Councillors such limitations are a global amount and not a strict individual limit except where specified.

The following currently apply as monetary limits to expenses:

Expense	Mayor	Deputy Mayor	Councillors*
	Maximum Annual Expense Limits (\$)		
Agreed training	3,500	2,500	20,000
Mandatory Councillor Information session	400	400	4,000
Conferences & Seminars	5,000	3,000	20,000
Travel -Local and Out Of Area	N/A	4,000 - Council vehicle for attending out of area functions	40,000 - Council vehicle for attending out of area functions
Interstate Travel	2,000	1,500	10,000
Overseas Travel	Not Available	Not Available	Not Available
Motor Vehicle	15,000 [^]	See Travel - Local and Out Of Area	See Travel - Local and Out Of Area
Mobile Phone	3,600	Not Available	Not Available
Internet Access	360 (max)	360 (max)	360 (max) per councillor
Stationery	200	100	1,000
Business Cards, Name tags, etc	150	150	1,500
Corporate Uniform (50% contribution)	200 (max.)	200 (max.)	200 (max.) per councillor
Mayoral Office Refreshments	1,500	Not Available	Not Available

[^] - Based on Maximum Annual Expense Limit for the Mayoral Vehicle set as \$10,000 (based on 50,000kms per vehicle) with actual usage indicating 75,000kms travelled per year.

* Note: Global limit

Spouse and partner expenses

There are limited instances where certain reasonable costs incurred by the councillor for their spouse, partner or accompanying person are properly reimbursable by Council:

- a. Where the costs relate to attendance at official council functions of a formal and ceremonial nature and occur within the local government area. Such functions would be those which a councillor's spouse, partner or accompanying person could be reasonably expected to attend. Examples could include but not be limited to: Australia Day award ceremonies, Citizenship ceremonies, civic receptions and charitable functions supported by the council;
- b. In relation to Local Government and Shires Associations' annual conferences, costs limited to the cost of registration and the official conference dinner. Travel, any additional accommodation, and the cost of partner/accompanying person tours etc would be the personal responsibility of individual councillors (Council will meet the equivalent cost of Single accommodation for the Councillor with any additional cost borne by the councillor);

- c. Where they occur outside the Cabonne local government area, but within the State, costs of representing the Mayor, at an official function of councillor or those of accompanying the Mayor whilst on an official ceremonial duty. Examples could include charitable functions, award ceremonies and other functions to which the Mayor has been invited and is representing the council.
- d. In the above circumstances, reimbursable costs are confined to the ticket, meal or direct cost of attending the function. Reimbursable costs do not extend to items such as special clothing, grooming or transport.

Apart from where defined above, other accompaniment costs outside the Cabonne local government area will not be reimbursed.

- Accommodation: Equivalent of Single Accommodation cost for the councillor is to be met by Council with additional accommodation cost to be met by delegate/spouse. All additional costs are to be met by spouse/partner unless such is related to the official capacity of the delegates' partner (e.g. official conference dinner).

Specific Expenses For Mayors And Councillors

Attendance at seminars and conferences

Attendance at Annual Conferences of Local Government and Shires Associations will normally be undertaken by the Mayor.

At least two Councillors may be afforded the opportunity to attend the Shires Association conference each year.

Councillors may be **nominated** to attend conferences, seminars and similar functions relevant to Council's interests by:-

- ✧ the Council, through resolution duly taken.
- ✧ the Mayor, acting within his/her delegated authorities and subject to budget requirements.

Approval to attend must be resolved at a Council meeting or by both the Mayor and General Manager if attendance is required prior to the next Council meeting. If the proposed attendance is by the Mayor then approval by the Deputy Mayor and General Manager is required.

Councillors will be required to provide a written report to Council on such conferences.

Council will pay conference registration fees, including the costs of related official meals or activities where these are relevant to the business and interests of Council.

The reasonable costs of transport and accommodation associated with conference attendance will also be met as will meals when not included in conference fees. When overnight accommodation is necessary (the night before or after the conference) accommodation costs must be approved by Council.

Where attendance at other functions is relevant to Council's interest by reason of briefings, information or networking with key community members, business identities or politicians, approval may also be given by Council. Such approval will extend to the cost of the function and not to political donations.

No payment should be made by a council for attendance by a councillor at any political fundraising event, for any donation to a political party or candidate's electoral fund, or for some other private benefit.

Council staff should ascertain whether any expenses to be incurred would be directed towards such events and activities prior to approving expenditure.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Training and Educational Expenses

Each Councillor is required to undertake a Councillor Information session run by the DLG on election to Council.

Each Councillor will be encouraged to undertake at least one Professional Development Course every two (2) years.

A Personal Development Training Plan is to be prepared by the General Manager each year based on funds allowed within the annual estimates of Income and Expenditure.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Local travel arrangements and expenses

Councillors are required to use private vehicles to attend Council and/or committee meetings and will be paid the kilometre allowance at the then current rate set by the appropriate Local Government (State) Award from time to time, but subject to the most direct route being taken.

When acting for the Mayor at Civic functions councillors will also be reimbursed on a kilometre basis at the rate specified above.

Travel undertaken by a councillor in the capacity of Chair of a council committee or as a delegate of Council will also be reimbursed on a kilometre basis at the rate specified above.

The driver is personally responsible for traffic or parking fines. An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Travel outside the LGA including interstate travel

All reasonable travel costs will be met by the Council subject to prior Council approval. Where appropriate, travel will be provided by air (economy class). Depending upon the circumstances, it may be more appropriate for travel to be undertaken by car.

Where a private vehicle is used, kilometre payments are not to exceed the economy air fare and should apply to the most direct route. The driver is personally responsible for traffic or parking fines.

Travel by motor vehicle may be undertaken in a Council vehicle (where available – contact Council's Administration Manager to determine availability) or by private vehicle, subject to prior approval from the Council or jointly by the Mayor and General Manager.

Costs of vehicle hire, taxi fares, public transport, road tolls or parking costs which are reasonably incurred while attending Council business will be reimbursed by the Council.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Telephone costs and expenses

The Mayor is required to reimburse Council for private calls made on the provided mobile phone.

An honesty system is in place using identification of all private telephone costs by the Mayor on the account statements. Account statements must be returned by the period stated in the Mobile Phone policy.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Internet Access expenses

Council will reimburse the Mayor and Councillors up to \$30 per month towards the cost of access to Internet services (including broadband and wireless) utilised by Councillors for official council business purposes including research, etc.

Council's Code of Conduct requirement that:

"You must not use council's computer resources to search for, access, download or communicate any material of an offensive, obscene, pornographic, threatening, abusive or defamatory nature."

is relevant and repeated herewith for convenience.

Version Date: [21 November 2011]

Evidence of having incurred and paid an Internet access expense must be produced to allow reimbursement.

An annual monetary limit applies as shown at **Establishment of monetary limits and standards**.

Care and other access related expenses

Council will meet reasonable costs of facilitating access to council premises, functions and activities where, by reason of disability, caregiver role or other special need, a councillor would not otherwise have equity of access with other councillors. Such support will allow the fullest participation reasonably possible.

If required an annual monetary limit would apply and once determined will be shown at **Establishment of monetary limits and standards**.

Insurance Expenses and Obligations

Council provides insurance cover for:

- Public liability for liabilities that might arise from performance of civic duties and/or exercise of council functions – Public Liability Insurance
- Professional indemnity for liabilities that might arise from performance of civic duties and/or exercise of council functions - Professional Indemnity Insurance
- The internal running of Council and duties to shareholders. Examples of internal running are things like harassment and unfair dismissal. An example of duties to shareholders is something that puts the financial viability of Council on the line - Councillors and Officers Liability Insurance
- Personal Injury whilst on council business – Personal Accident Insurance
- Travel insurance for approved flights – Personal Accident Insurance

All insurances are subject to any limitations and conditions set out in Council's policy of insurance.

Legal Expenses and Obligations

Council will only be prepared to consider reimbursement of legal expenses of Councillors in accordance with the guidelines from the Division of Local Government, these being:

1. That a Council may only disburse money if the disbursement is authorised by the Local Government Act, 1993, either expressly or because it is supplemental or incidental to or consequential upon the exercise of its functions.

2. In the particular circumstances outlined below, council may therefore indemnify or reimburse the reasonable legal expenses of:
 - (a) A councillor defending an action arising from the performance in good faith of a function under the Local Government Act (s71), or
 - (b) A councillor defending an action in defamation provided the statements complained of were made in good faith in the course of exercising a function under the Act, or
 - (c) A councillor for proceedings before the Local Government Pecuniary Interest Tribunal or an investigative body provided the subject of the proceedings arises from the performance in good faith of a function under the Act and the Tribunal or investigative body makes a finding substantially favourable to the Councillor.
3. Legal expenses incurred in relation to proceedings arising out of the performance by a councillor of his or her functions under the Act are distinguished from expenses incurred in relation to proceedings arising merely from something which a councillor has done during his or her term of office. An example of the latter is expenses arising from an investigation as to whether a councillor acted corruptly by using knowledge of as proposed rezoning for private gain. This latter type of expense is not reimbursable as part of this policy.
4. Council may lawfully obtain insurance cover against the risk of having to meet the costs of or to reimburse a councillor provided that the costs or reimbursements are ones which the council is authorised to meet.
5. Council may not meet the costs of an action in defamation taken by a councillor as plaintiff in any circumstances.
6. Where doubt arises in relation to any of these points, Council shall seek legal advice.
7. Council will not provide legal assistance in respect of legal proceedings initiated by the Mayor and/or councillors in any circumstances.

ADDITIONAL MAYORAL EXPENSES

In addition to those facilities provided to the Councillors the Mayor is to receive the benefit of:-

- Motor Vehicle - (Holden Statesman or equivalent). The vehicle is to be used at the discretion of the Mayor for official Mayoral, Councillor or Council purposes. The Mayor is to pay an amount as determined by Council and included in Council's Fees & Charges for the use of this vehicle and he/she is to provide fuel for private usage.

The following conditions apply:-

Version Date: [21 November 2011]

- a) The Mayor must authorise Council to deduct private usage payments of the agreed amount per month from the Mayoral allowance for the use of the Mayoral Vehicle;
- b) The Mayor's Council motor vehicle must be made available for use by the Deputy Mayor during those periods when, in accordance with the policy of the Council during the absence of the Mayor, the Deputy Mayor is entitled to be paid a proportionate amount of the Mayoral Allowance;

At present this absence is defined as absent from the Council area by the Mayor for a minimum of three (3) weeks.

- c) That the Mayor or in such absence the Deputy Mayor provide petrol for such private use;
 - d) The Mayor, or Deputy Mayor in the Mayor's absence, is also required to keep log books relating to the vehicle, to be submitted monthly to Council accounting staff.
- Mobile phone and car kit for official purposes. The Mayor is responsible for reimbursement of private calls made on this mobile phone, by way of certification and submission of monthly accounts by the Mayor to Council accounting staff. Telephone accounts indicating private use must be returned by the set period in the Mobile Phone Policy.
 - Secretarial Services - word processing and administrative support provided by the General Manager's Personal Assistant.
 - Administrative Support - assistance with functions, organisations, meetings, and the like for official purposes.
 - Mayoral Office Refreshments - at the discretion of the Mayor for Official purposes.
 - Credit Card facility with a limit of \$3,000.

Annual monetary limits apply and are shown at **Establishment of monetary limits and standards**.

Part 3 - PROVISION OF FACILITIES

GENERAL PROVISIONS

Provision of facilities generally

The following facilities are currently available to Mayor and councillors as indicated:

Facility	Mayor	Deputy Mayor	Councillors
	Facilities available / Not available for Council Business Use		
Laptop computer *	Available	Available	Available
Fax Machine*	Available	Available	Available
Mobile Phone *	Available	Not available	Not available
Motor Vehicle Use	Designated Vehicle	When acting as Mayor or subject to policy and availability	Subject to policy and availability
Furnished Mayoral room	Available	Available by arrangement with Mayor	Available by arrangement with Mayor
Secretarial & Administrative support	Available	Not available	Not available
Photocopier Official purposes only at Molong and Cudal Council offices	Available	Available	Available
Stationery & office supplies	Available	Available	Available
Business cards	Available	Available	Available
Credit Card	Available	Not Available	Not Available
Consumables eg toner	Available	Available	Available
Corporate clothing	Available	Available	Available
Safety equipment (eg Safety vests on Traffic committee inspections)	Available	Available	Available
Meals / refreshments related to council, committee and work group meetings and office functions.	Available	Available	Available
Ceremonial garb	Available	Not Available	Not Available
Use of council chamber	When free for use	When free for use	When free for use

* - Equipment remains the property of Council. On completion of Term, councillors may request to purchase equipment at written down value or at an agreed fair market price.

Private use of equipment and facilities

Council facilities, equipment and services are not for private use. "Private use" includes the production of election material or material for other political purpose.

Acquisition and returning of facilities and equipment by Councillors

Equipment is to be returned promptly to the General Manager or Director of Finance & Corporate Services in the following circumstances:

- a. Councillor is going on extended leave of absence;
- b. Councillor has completed term of office or ceasing civic duties and is not acquiring equipment.

In general the use of council facilities and equipment should be in accord with the DLG Model Code of Conduct for Local Councils in NSW, - June 2008.



STRATEGIC PLAN
2011/2012
Final Review

1. Administration (including Governance)

Goals:

- To provide efficient, effective and relevant Local Governance for Cabonne 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 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 buildings in accordance with property management standards

Objectives	Performance Measures	Responsibility	Progress
1. Provide quality administrative support and governance to Councillors and residents	1.1 Provide and retain skilled and trained staff to deliver Council services	ALL	DAS reviews to identify training needs – completed.
	1.2 Actioning of Council Motions	ALL	Respond to resolutions register and update register on a monthly basis for reporting to Council
2. Develop and maintain a unified Council that is accountable and transparent	2.1 Provide appropriate mechanisms for democracy and participation for Cabonne residents	DFCS	Meeting schedule kept and updated on attendance/participation at Council/Committee meetings
	2.2 Review effectiveness of community consultation/feedback systems	DFCS	Second round completed

	2.3 Review wards and Councillor numbers as part of Local Government Act requirements	DFCS	Wards abolished
	2.4 Maintain local governance	DFCS	WBC meetings attended.
3. Enhance responsiveness to the community current and future needs & objectives	3.1 Develop the CCP 2025	DFCS	Completed
	3.2 Commence assessment of appropriate levels of affordable and sustainable service levels for Council services	DFCS	Integrated Planning & Reporting completed.
4. Maintain effective links with State and Federal members of Parliament	4.1 Appropriate communications and representations are made on relevant issues	ALL	Representations as directed by Council
	4.2 Invitation of State and Federal members to address Council meetings.	DFCS	Invitation made to Federal & State members with an address by Federal member to Council.
5. Maintain active membership of CENTROC, LGSA and other forums	5.1 Attendance at meetings	ALL	CENTROC Meeting attended 23/2/2012 & 24/5/2012 CENTROC HR meeting attended Sept & Nov 2011, April 2012 Shires Conference attended 5/6/2012
	5.2 Matters are brought forward by Cabonne at those forums	ALL	Central West Catchment Management meeting attended.
	5.3 Participation in	ALL	Central West Catchment Management

	programs		
6. Active commitment to the WBC Alliance	6.1 Attendance and involvement at meetings	ALL	WBC Board meetings attended 2/11/2011, 8/3/2012 & 15/5/2012 WBC Professional Teams meetings attended 15/2/2012 & 18/4/2012
	6.2 Participation in joint projects	ALL	Participation in review of standard conditions of development consent & review of DA kit
	6.3 Benefits achieved	ALL	<ul style="list-style-type: none"> - IT system implemented - IP&R reporting requirements completed. - Development of standard Development Control Plans - Standard Conditions of Consent
7. Ensure the ongoing financial sustainability of Cabonne Council	7.1 Ongoing financial sustainability maintained	DFCS	Positive operating result for 2010-2011
	7.2 Annual financial health check completed	DFCS	Reported to November Council meeting
	7.3 Report on level of recurrent expenditure	DFCS	Reported to November Council meeting.
8. Provide adequate training & professional development opportunities for Councillors	8.1 Appropriate training for all councillors made available	DFCS	Training opportunities listed in GM's memo
9. Satisfactorily implement State Government Integrated Planning and Reporting requirements	9.1 Implementation schedule adopted	DFCS	Community Workshops held.
	9.2 Work towards meeting	ALL	Regular review of budget

	deadlines		Timetable implemented
10. Develop and maintain a strong and skilled workforce.	10.1 Provide regular forums for management to meet and discuss contemporary issues.	ALL	Directors and staff meet monthly
	10.2 Ensure appropriate performance measures and incentives are in place	ALL	Current voucher incentive measures retained through Consultative Committee (Nov 2011) KPI discussed prior to vouchers being evaluated.
	10.3 Review structure and adequacy of staffing levels and skills requirements of all Directorates	ALL	Training plan developed from skill and training requirements.
	10.4 Development of targeted training plan	DFCS	Draft plan with Directors for adoption
11. Provide a records management system which meets statutory and organisational demands	11.1 Compliance with the State Records act	DFCS	System complies. Ongoing training for users.
	11.2 User needs met	DFCS	Ongoing support provided.
	11.3 Appropriate use of relevant software	DFCS	Upgrades completed when available
12. Provide, maintain and develop financial services and systems to accepted standards – satisfying regulatory and customer requirements	12.1 Statutory reporting completed on time	DFCS	Submitted to the Department Oct 2011
	12.2 Financial Health Check	DFCS	Completed Nov 2011
	12.3 Review Investment	DFCS	Reviewed July 2011

	Policy		
	12.4 User needs met	DFCS	Monitored monthly
	12.5 Degree of budget control and level of over expenditure	DFCS	Monitored quarterly
13. Provide effective communications and information systems for staff and residents	13.1 Implementation and use of InfoCouncil software	DFCS	Destination folder enhancement finished.
	13.2 enhancement of website	DFCS	Migration to new website completed.
	13.3 Customer service reviewed and implemented	DFCS	Compliance Officer appointed.
	13.4 Effective use of customer service software	DFCS	Service Requests recorded through InfoXpert
	13.5 Level of compliance with Customer Service Policy response periods	DFCS	Reported to Directors for monitoring and action as required.
	13.6 Review and implement communication strategy	DFCS	Media and Communications Policy completed.
	13.7 Improved communications between offices	ALL	Greater interaction between Enviro and Engineering staff on work related matters including works regarding Gasworks and Four Town Sewer.
	13.8 Implementation of GIS Plan	DFCS	Data gathering commenced.
14 Ensure Effective Business Systems & continuity	14.1 Commence an Enterprise Risk	DFCS	Enterprise Risk Management Plan drafted.

	Management Plan		
	14.2 Commence development of internal audit requirements	DFCS	Internal audit committee appointed.
15. Improve OH&S and Risk Management Response	15.1 Areas of concern raised in OH&S audit addressed	DFCS	To be approved by WHS Committee
	15.2 Areas of concern raised in Public Liability audit addressed	ALL	Remote signage – (DETS) Statewide has changed audit requirements.
	15.3 Review OHS strategy	ALL	Review in consultation with Risk Management Officer OHSMS & 3 year plan with GM
16. ensure adequate accommodation for staff	16.1 Adequate staff accommodation provided at Molong	DFCS	Mould levels measured and retest completed for basement
17. Provide effective information systems for all of Council	17.1 Council's Information Technology Systems upgraded	ALL	Participation in demonstration, discussions, training of new IT system
	17.2 Audit of need analysis commenced in conjunction with WBC	ALL	Plant Purchase
18. To ensure Council building and land assets are managed in accord with property management standards	18.1 Review of property management systems	DETS	Building Asset Management Plan and Register completed as part of IP&R process.

2. Public Order & Safety

Goals:

- 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

Objectives	Performance Measures	Responsibility	Progress
1. Identify and provide for any foreseeable emergency in Cabonne	1.1 Review of Local Emergency Management Plan	DETS	Cabonne DISPLAN reviewed annually by the LEMC – completed and adopted.
	1.2 Implementation of the Emergency Risk Management Plan (ERM)	DETS	Completed
	1.3 Review and update as required Standard Operating Procedure (SOP's)	DETS	Completed.
	1.4 Emergency Services community education supported	DETS	LEMC & DEMC meetings attended by DETS
2. Support the management of the Canobolas Rural Fire Zone	2.1 Attend Meetings as required	DETS	Meetings attended by DETS and Council delegates.
3. Administer statutory requirements (Companion Animals Act & Impounding Act) in accordance with community needs	3.1 Ensure complaints are dealt with promptly	DES	Complaints responded to promptly

	3.2 Review of animal control function	DES	Training programs identified & implemented.
	3.3 Staff and systems in place to implement the acts & reports made to Committee	DES	Systems in place & reviewed as needed

3. Health

Goals:

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

Objectives	Performance Measures	Responsibility	Progress
1. Develop and implement an Environmental Health Program	1.1 Regular inspections of and level of compliance with standards of food and other premises	DES	Inspections carried out by contractor
	1.2 Ensure complaints are dealt with promptly	DES	Complaints responded to promptly
	1.3 Facilitate community awareness programs including swimming pool safety	DES	Promotion of food/health program. Participation in Scores on Door program
2. Facilitate the provision of Health & Medical services	2.1 Health services reviewed.	DFCS	Attend Statewide CC meeting Adaptation Sustainability ERM Module CC
	2.2 Advocacy on behalf of health services in Cabonne	DFCS	HealthOne Committee meetings held quarterly
	2.3 Active participation in Cabonne Health Council	DFCS	Councillors Walker and Hyde active members of Health Council.
	2.4 Active participation on CENTROC Health Task Force Committee	DFCS	Council represented on Committee
	2.5 Council owned health facility assets eg Waluwin managed in accord with	DFCS	Reported to September Council meeting

	property management standards		
3. Promote health and well-being of Cabonne residents	3.1 Liaison with government departments/community groups re promotion of healthier lifestyle	DFCS	Men's Pitstop Health checks for Council staff.
	3.2 Promote benefits of HealthOne project across Cabonne	DFCS	Men's Pitstop Program well attended.

4. Environment

Goals:

- 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

Objectives	Performance Measures	Responsibility	Progress
1. Maintain an effective campaign of noxious weed control by gaining landowner co-operation	1.1 Issue information to the community on priorities	DETS	Field days and workshops attended
	1.2 Participate in regional Advisory Committee	DETS	Chief Weeds Officer attends as delegate
	1.3 Spraying activities advertised in accordance with Noxious Weeds Act	DETS	Spraying activities advertised as required by legislation
	1.4 Number of inspections vs s18 and s20 notices issued	DETS	Section 18s – 6 in this quarter Section 20s - 0
2. Manage Council's appropriate response to climate change at a local government level	2.1 Participate in CENTROC Climate Change and Sustainability programs and meetings	ALL	Participation in programs & meetings
	2.2 Investigate development of Environmental Sustainable	ALL	NetWaste project developed.

	Plan in conjunction with WBC		
	2.3 Review purchase of 'Green Energy' electricity used by Council Buildings	DETS	Green Energy Contract has lapsed.
	2.4 Review effectiveness of Star Rating policy for fleet vehicles	DETS	Guidelines now include economy & safety ratings
	2.5 Level of Grid connect/solar electricity generated by Council	DETS	Buildings connected to grid include Waluwin Centre, Cumnock Community Building, Canowindra Rugby club house
	2.6 Pursuit of Grants in relation to Climate Change and Carbon Emissions Trading	DETS	Nil grants to date.
3. Increase the level of sustainable purchasing	3.1 Level of implementation of 'Sustainable Choices' initiatives within Council	ALL	Energy Efficiency Committee meets regularly
4. Provide an effective and reliable waste and recycling service to the community	4.1 Overall waste disposal strategy developed	DES	Consultant completed strategies for each landfill site. Workshop facilitated with Councillors
	4.2 Monitoring of waste collection and disposal contracts undertaken	DES	Contracts monitored
	4.3 Ensure management of former and current landfill sites	DES	Review linked to consultants strategic plans
	4.4 Report on options for improvement of waste disposal/collection for rural	DES	Trial of mobile collection service for eastern area conducted

	landholders		
	4.5 Evaluation of expansion of services to other localities	DES	Consideration of demographics & need for introduction of transfer status addressed by consultants strategic plan
	4.6 Community programs encouraging recycling/composting activities developed and facilitated	DES	Netwaste participation in programs such as Drum muster. Initiated regular meetings of landfill operators to increase awareness of core business activities and need to encourage use of community recycling programs
5. Progress effective waste management disposal facilities for Cabonne	5.1 Developed long term strategies for the strategic development, operation and closure of sites	DES	Consultant draft report completed. Workshop facilitated with Councillors
	5.2 Developed operational plans, landfill environment plans, staffing and recruitment plans and capital and operating budgets	DES	Monitor & review current procedures while investigating implementation of Consultants recommendations
	5.3 Review and audit Council's waste management unit's operations against the developed strategies and operational plans	DES	Program for continuous improvement strategies based on Consultants strategic plans
6. Provide systems for stormwater and pollution control in accordance with EPA requirements	6.1 Standards adopted	DETS	Construction of stormwater undertaken in accordance with relevant standards.
	6.2 Development and upgrading of existing	DETS	IWCM Strategic Plan Completed

	drainage		
	6.3 Ongoing works undertaken with Stormwater levy program	DETS	2011/12 projects included in management plan (on a rolling program)
	6.4 Review of Stormwater Management Plan	DETS	Plan reviewed annually, projects approved by Works Committee.
	6.5 Regional Soil and Erosion Control Plan developed through Central Western Catchment Management Authority (CWCMA)	DETS	Council's delegate attends meetings. Funding applications for projects made as they become available
7. Manage and reduce risk of damage by flooding to urban areas	7.1 Compliance with Floodplain Management guidelines	DETS	Eugowra and Molong Floodplain plan completed New DCP being developed. Application being assessed by NSW Office of Water. Priority projects include: <ul style="list-style-type: none"> - Levee commenced - Veg plan adopted - Insurance – liaison with industry undertaken - Community Consultation Committee established
	7.2 Plans developed and adopted for Eugowra and Molong	DETS	Eugowra and Molong Floodplain plan completed Working through conditions – adopted subject to conditions.
	7.3 Implementation of mitigation works for Canowindra from prepared plans	DETS	Funds provided in 2011/12 budget for investigation and concept plans for stormwater improvements.

	7.4 Annual stream clearance completed	stream program	DETS	Included in works program – streams cleared included – Molong Creek, Boree – budget allocations fully expended.
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5. Community Services & Education

Goals:

- 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

Objectives	Performance Measures	Responsibility	Progress
1. Facilitate the provision of quality childcare services that are affordable	1.1 Service reviewed and reported on half yearly	DFCS	Review reported to Committee
	1.2 Carers are recruited, trained and monitored as required	DFCS	Additional carers recruited and trained.
	1.3 Level of usage of childcare facilities	DFCS	Carers fully committed.
	1.4 Family Day Care promoted	DFCS	Promoted through media releases.
	1.5 In Home & After School care opportunities reviewed	DFCS	Opportunities reviewed and pursued.
	1.6 Review financial sustainability of Family Day Care and In Home and After School Care	DFCS	Reviewed and reported to Council.
2. Provide affordable and reliable medical, HACC and transport services to Cabonne residents	2.1 Level of usage of service	DFCS	Usage of services reported to Council.

	2.2 Services are provided where most needed	DFCS	Special needs grants targeted.
	2.3 Level of grants applied for and obtained	DFCS	Funding for wheelchair accessible vehicle applied for and obtained.
	2.4 Review HACC accommodation facilities at Canowindra	DFCS	Improvements identified and submitted to budget.
3. Enhance delivery and management of community services	3.1 Communication and referral numbers with other agencies	DFCS	Interagency and regional meetings attended.
	3.2 Services promoted within Cabonne	DFCS	Services promoted through media releases.
	3.3 Feedback from users	DFCS	Feedback received and responded to.
4. Facilitate retirement and aged care projects	4.1 The level at which need in the community is met	DFCS	Assistance provided to Boree Lodge Committee and Eugowra Self Care Units Committee
5. Monitor the impact of changing demographic due to ageing population	5.1 Impact of ageing population on Cabonne reported	DFCS	Impacts considered in Council's Community Plan
6. Improve access and equity throughout the Cabonne area	6.1 Implement Pedestrian Access & Mobility Plan	DETS	RTA Funding applied for projects to be identified and considered by works committee.
	6.2 Implement Cabonne Cycle Plan (incorporating walking tracks)	DETS	Manildra next project.
7. Promote & create opportunities for Youth	7.1 Youth address Council meetings	DFCS	Youth address Council's May and June meeting
	7.2 Youth of the Month awarded	DFCS	Youth of the Month awards presented at Council meetings monthly

	7.3 Grant opportunities pursued	DFCS	Funding obtained for Youth Week
	7.4 Youth Week activities held	DFCS	Youth Week activities held in April
	7.5 support services promoted	DFCS	Youth activities held over school holidays at Molong.
	7.6 Youth Ambassador of the Year Awarded	DFCS	Youth Ambassador Awards presented on Australia Day 2012

6. Housing & Community Amenities

Goals:

- 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 village in Cabonne

Objectives	Performance Measures	Responsibility	Progress
1. Develop and implement improvements for Cabonne cemeteries	1.1 Management Plan for Cabonne Cemeteries Developed	DES	Audit of cemeteries is a works in progress
	1.2 Communication between Council and Cemetery Improvement groups/Progress Association	DES	Regular contact with recently formed Canowindra group. Contact with interested Molong group
2. New Local Environment Plan (LEP) & associated documents	2.1 Draft LEP prepared	DES	LEP submitted for approval.
	2.2 Review existing Development Control Plans	DES	Proposed as WBC project. Reduced staff resources has not enabled progress as a WBC initiative. Composite DCP now to be post LEP project
	2.3 Draft comprehensive Development Control Plan prepared	DES	To be undertaken subsequent to LEP approval
	2.4 Maintenance working relationship with WBC Partners in development of coordinated planning	DES	Tri Directors meeting held to coordinate planning practices including LEP finalisation

	practices		
	2.5 Timetable for completion of review adopted	DES	Timetable reviewed at Tri Directors meeting
3. Provide efficient and effective development assessment	3.1 Approval procedures and systems are documented and followed	DES	Monitor & review
	3.2 Median number of days to provide services	DES	Monthly report provided to Council
4. Provision of a Heritage Program	4.1 Facilitate annual heritage assistance program	DES	Program promoted
	4.2 Facilitate Heritage Advisory Service	DES	Advisor attends Council one day per month
	4.3 Facilitate community heritage advisory committee	DES	Meeting held every second month
	4.4 Review 2003 community based heritage study for inclusion in LEP	DES	2003 Heritage Study Inventory reviewed and updated. Statement of significance prepared for each nominated site. Schedule prepared for SI LEP
5. Enhance village presentation focussing on entrances and main streets	5.1 Progressive implementation of Village Enhancement Program	DETS	Approximately 70% complete 20 bins in stock to be placed.
	5.2 Other Village Improvements completed	DETS	Projects approved and in current works schedule.

7. Water Supplies

Goals:

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

Objectives	Performance Measures	Responsibility	Progress
1. Manage water supply schemes	1.1 Report on demand and supply	DETS	Water quality monitoring under review to ensure they meet NSW Health Standards.
	1.2 Implementation of Capital Works plans for schemes	DETS	Works program to be considered by Works Committee and Council for adoption
	1.3 Second independent review of Molong Water scheme operations conducted by HydroScience (IWCM)	DETS	Completed, incorporated IWCM strategic Study
	1.4 Implement Best Practice for Water Supply	DETS	Best practice modules completed and adopted
	1.5 Options for means of supplying potable water to Cumnock and Yeoval Costed	DETS	Options developed and costed and being prepared for council consideration.
▪	1.6 Review and consider implementation of Integrated Water Cycle	DETS	Draft ICWM Strategic Plan completed. Council to consider adoption in 2011/12

	Management Plan (IWCM)		
2. Provide water to standards adopted by Council for all schemes	2.1 Regular testing meets required standards	DETS	Water quality generally meets standards
3. Meet requirements of the Water Management Act	3.1 Level at which requirements are met	DETS	No health notices issued
4. Actively participate in Water Reform Process	4.1 Attendance/Participation at meetings	DETS	Council participating in CENTROC LWU Alliance
	4.2 Regular reporting to Council	DETS	Water analysis reported monthly to the Works committee
	4.3 Report on implementation of State Government Water Reform proposals	DETS	No Further development. NSW Government have not issued report on water reform
	4.4 Respond to Infrastructure Australia Report	DETS	No Further development. NSW Government have not issued report on water reform
5. Promote effective water resource management	5.1 Participation in CENTROC regional water study	DETS	Continuing participation.
	5.2 Lobbying undertaken to DECCW to undertake water study plans for catchments in the region	DETS	Consider reporting this item as water security is included in the CENTROC study (5.1)
	5.3 Participation in CMA programs	DETS	Participation continuing
	5.4 Participation in Water Wise education programs	DETS	Water wise education programs included in the IWCM strategy. Adoption of the study will provide opportunity for Government funding assistance

8. Sewerage Services

Goals:

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

Objectives	Performance Measures	Responsibility	Progress
1. Manager sewerage schemes	1.1 Operation of Sewerage Treatment Plants (STP) in accordance with Department of Environment & Climate Change Licence	DETS	EPA inspection of facilities carried out in July 2012 – nil breaches.
	1.2 Implementation of Capital Works plan for schemes	DETS	Upgrade systems operational
	1.3 Report on review of future upgrade needs for Molong sewer (IWCM)	DETS	UV system installed and commissioned
	1.4 Implement Best Practice for Sewerage Services	DETS	Office of Water Best Practice modules completed and implemented.
2. Construct sewerage schemes in Cumnock and Yeoval	2.1 Section 60 approval received for Yeoval and Cumnock	DETS	Sec 60 approval received. Tenders going to August extraordinary council.
	2.2 Tender awarded for Yeoval and Cumnock	DETS	Tenders awarded subject to Office of Water approval.
	2.3 Land purchased for	DETS	Contracts for Manildra to be signed when effluent re-use

	STP sites		operational.
	2.4 Compliance with Implementation time frame including Construction Schedule	DETS	Construction of STP's on schedule this calendar year.

9. Recreation & Culture

Goals:

- 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 Cabonne
- To maintain and manage Council owned publicly used buildings, facilities and land in Cabonne

Objectives	Performance Measures	Responsibility	Progress
1. Increase awareness and availability of library services in Cabonne	1.1 Participate in decision making processes and initiatives of Central West Libraries	DFCS	Delegates attended Central West Libraries meetings in February and June 2012
	1.2 Level of usage of library	DFCS	Reported to Council.
	1.3 Annual libraries tour conducted	DFCS	Tour conducted.
2. Efficient operation and maintenance of halls and facilities	2.1 Develop and implement Asset Management Plan	DETS	Building AMP completed as part of IP&R process.
	2.2 Appropriate levels of fees and charges for facilities	DFCS	Fees and charges reviewed annually
	2.3 Usage rates and demand	DETS	Usage rates recorded and reported annually
	2.4 Participation by community groups in	DETS	Assets section confers with reference groups when preparing budgets and in CIP process.

	Community Halls Grant process		
3. Maintain and provide safe and usable parks, sporting fields and equipment	3.1 Maintenance carried out in accordance with sporting code and community needs and risk management principles	DETS	Recreation AMP completed as part of IP&R process.
	3.2 Review compliance of playground equipment with relevant Australian Standards	DETS	Inventory completed as per state cover guidelines. Risk Management Plan developed in consultation with RMO
	3.3 Level of community involvement in provision of maintenance for sporting facilities	DETS	Service level to be incorporated in the Asset Management Plan and reviewed as part of the IPR process
4. Maintain Council pools to acceptable standards	4.1 Develop and implement upgrading and management plan for pools	DETS	Recreation AMP completed as part of IP&R process.
	4.2 Develop & implement Operational Plans including Risk Management Plans	DETS	Draft plans developed in consultation with the RMO
	4.3 Level of Community involvement in the operation and management of pools	DETS	Risk Management Plans (Draft) developed in consultation with the RMO
5. Provide appropriate support to Museums in Cabonne	5.1 Level of support given by Council reviewed	DES	Reports provided to Council for budget review
	5.2 Evaluation of progress of Stage 2 Regional Collections Survey project	DES	Liaison with Orange City Council's Community Liaison Officer to determine progress of project & benefit received by Cabonne

	5.3 Level of support given by community committees monitored	DES	Contact with local museum groups to ascertain past & present support & benefit to them of the project
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10. Mining, Manufacturing and Construction

Goals:

- 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

Objectives	Performance Measures	Responsibility	Progress
1. Ensure buildings are constructed in accordance with the Building Code of Australia	1.1 Compliance with Building Code of Australia	DES	Building inspections undertaken as part of DA/CC assessments
	1.2 Issue of Construction/Compliance Certificates and Occupation Certificates	DES	Certificates assessed & issued promptly
	1.3 Level of knowledge and training of staff	DES	Annual DAS review to identify training plans. Attendance by staff at workshops & seminars
2. Maximise return on Council's Lime Quarry Asset	2.1 Financial return	DETS	Nil major capital works this financial quarter
	2.2 Maximised alternative products & production measures	DETS	Lime sales above norm this financial year.
	2.3 Decision made on future operations & ownership	DETS	Council resolved to remove 'lease' option from its previous resolution.
3. Operate gravel pits in an environmental responsible and	3.1 Ensure guidelines, approval conditions and	DETS	Draft Mine Safety Plan completed.

financially sustainable manner	lease agreements complied with		
	3.2 Pits operated in a financially sustainable manner	DETS	All operational pits registered.

11. Transport & Communication

Goals:

- 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 Cabonne
- To maximise safety for road users and pedestrians
- To manage assets in a sustainable manner
- To ensure accessibility for all members of the community

Objectives	Performance Measures	Responsibility	Progress
1. Provide safe and well signposted roads in accordance with recognised technical standards	1.1 Inspection of roads undertaken in accordance with Asset Management Plan	DETS	Overseers required to carry out inspections as per the AMP and recorded on Council's records systems
	1.2 Investigation of Memorandum of Understanding (MOU) with Police regarding accident reporting	DETS	Canobolas LAC to provide crash data on request.
2. Ensure that the maintenance and repair of existing road surfaces and failed pavements is carried out in a strategic risk management approach	2.1 Adopt, implement and promote Asset Management Plan for Roads in conjunction with WBC	DETS	Completed

	2.2 Cost effectiveness of repairs in accordance with Asset Management Plan	DETS	All RMCC works completed.
	2.3 Maintenance conducted in accordance Asset Management Plan	DETS	Completed.
3. Remain a core service provider to the RTA	3.1 Meet RTA specification and tender requirements	DETS	Council reviewed audit from RMS for works completed.
	3.2 Design and construct to RTA standards	DETS	All road design complies with RMS and AS standards
	3.3 Financial return on service provision	DETS	RMCC and ordered works continues to provide a financial benefit to council
	3.4 State Road Contracts awarded	DETS	Council continues to hold all works contracts for state roads (under the RMCC) in the Cabonne LGA. Note: this does not include bridges. this is done by RMS bridge section
	3.5 Maintain R1 accreditation	DETS	Investigating for National Prequalification system for Civil construction contracts.
4. Review Engineering department operations	4.1 Report on current operations	DETS	Council's operations (works) reported monthly to the works committee
	4.2 Identify feasibility of functions that lend themselves to business unit principles	DETS	Restructure of ETS (with the separation of Urban Assets to Utilities from Roads) will enhance these sections activities in a business like way.
5. Replace or upgrade bridges	5.1 Bridges replaced or upgraded in accordance with plan	DETS	The 2011/12 budget provides for the replacement of \$1.5m of bridge assets
6. Initiate and implement Road Safety Programs	6.1 Programs implemented and results measured	DETS	Road safety program approved by RMS and implemented by Councils RSO. Results reported to Council twice yearly.

	6.2 Communication and co-operation with local Police command	DETS	LEMO and RSO liaise with Police on a regular basis through the Safety Committee and Local traffic Committee.
	6.3 Annual report to Council by Road Safety Officer	DETS	RSO to report to December and June Council Meetings
	6.4 Pursue funding opportunities to improve road safety	DETS	Assets manager submits application for funding of black spots annually
7. To ensure access and mobility for all sections of the community	7.1 All new construction complies with Disability Discrimination Act (& associated Australian Standard)	DETS	All construction complies with RMS and AS standards for access

12. Economic Affairs

Goals:

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

Objectives	Performance Measures	Responsibility	Progress
1. Create economic development opportunities within Cabonne	1.1 Councillor Economic Development Workshop outcomes implemented	GM	Economic Development Committee meeting outcomes completed monthly.
	1.2 Participation in regional development activities	GM	Taste Orange @ Bondi, Australian National Field Days, EDM Forums attended.
	1.3 Economic development strategy reviewed	GM	Tourism Plan completed. Economic Development Strategy being redeveloped.
	1.4 Land Development Strategy reviewed	DES/DFCS	Residential Land Development Incentive Scheme being revisited.
2. Actively promote and support tourism development in Cabonne	2.1 Implement strategies and report to Council quarterly	GM	Tourism Plan developed
3. To ensure Council Land assets are managed in accord with property management/sales standards	3.1 Review of property management/sales systems	GM	Real Estate agents being used for residential and industrial land sales.
	3.2 Land Sales		Molong Heights Stage 1 completely sold.

13. General Purpose Revenue

Goals:

- To maximise revenue to Council through fair and sustainable means

Objectives	Performance Measures	Responsibility	Progress
1. Implement 'user pays' principle for fees and charges where appropriate	1.1 Appropriate opportunities for 'user pays' identified and implementation plan prepared in conjunction with WBC	DFCS/DETS	Reviewed April/May 2012
	1.2 Report on a level of income from landfill user pays	DES	Bi monthly reports on activities to committee
2. Maintain a high level of rate collection	2.1 Level of rate collection	DFCS	Reported monthly to Council
3. Ensure fees and charges are commercially fair and reasonable	3.1 Review of fees and charges undertaken annually in conjunction with WBC	DFCS	Completed April/May

Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*“...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 2012

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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 15/10/12. Council has the power to amend and reissue the financial statements.

Cabonne Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

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 2012.

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 review of Council's financial performance and position for the previous 5 financial years can be found at Note 27 of the Financial Statements.

Cabonne Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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 15 October 2012.



Ian Gosper
MAYOR



Kevin Walker
COUNCILLOR



Andrew L Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾				Actual	Actual
2012	\$ '000		Notes	2012	2011
Income from Continuing Operations					
Revenue:					
10,874	Rates & Annual Charges		3a	11,148	10,649
4,129	User Charges & Fees		3b	9,023	6,794
1,549	Interest & Investment Revenue		3c	1,777	1,825
2,072	Other Revenues		3d	2,226	1,664
10,808	Grants & Contributions provided for Operating Purposes		3e,f	11,254	10,909
6,005	Grants & Contributions provided for Capital Purposes		3e,f	2,168	3,630
Other Income:					
-	Net gains from the disposal of assets		5	370	268
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	-	-
35,437	Total Income from Continuing Operations			37,966	35,739
Expenses from Continuing Operations					
10,824	Employee Benefits & On-Costs		4a	12,062	10,696
54	Borrowing Costs		4b	113	115
10,296	Materials & Contracts		4c	7,202	6,195
8,955	Depreciation & Amortisation		4d	9,382	9,128
-	Impairment		4d	18	644
1,144	Other Expenses		4e	4,228	2,673
31,273	Total Expenses from Continuing Operations			33,005	29,451
4,164	Operating Result from Continuing Operations			4,961	6,288
Discontinued Operations					
-	Net Profit/(Loss) from Discontinued Operations		24	-	-
4,164	Net Operating Result for the Year			4,961	6,288
4,164	Net Operating Result attributable to Council			4,961	6,288
-	Net Operating Result attributable to Minority Interests			-	-
(1,841)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes			2,793	2,658

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

Cabonne Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		4,961	6,288
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	12,804	4,147
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)
Total Other Comprehensive Income for the year		12,804	1,328
Total Comprehensive Income for the Year		17,765	7,616
Total Comprehensive Income attributable to Council		17,765	7,616
Total Comprehensive Income attributable to Minority Interests		-	-

Cabonne Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	25,983	32,807
Investments	6b	10,330	1,743
Receivables	7	4,759	4,768
Inventories	8	1,193	1,385
Other	8	1	20
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		42,266	40,723
Non-Current Assets			
Investments	6b	-	-
Receivables	7	779	496
Inventories	8	162	162
Infrastructure, Property, Plant & Equipment	9	439,899	424,137
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Other	8	262	241
Total Non-Current Assets		441,102	425,036
TOTAL ASSETS		483,368	465,759
LIABILITIES			
Current Liabilities			
Payables	10	2,981	4,022
Borrowings	10	75	71
Provisions	10	4,313	3,392
Total Current Liabilities		7,369	7,485
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	607	682
Provisions	10	1,512	1,477
Total Non-Current Liabilities		2,119	2,159
TOTAL LIABILITIES		9,488	9,644
Net Assets		473,880	456,115
EQUITY			
Retained Earnings	20	281,533	276,572
Revaluation Reserves	20	192,347	179,543
Council Equity Interest		473,880	456,115
Minority Equity Interest		-	-
Total Equity		473,880	456,115

Cabonne Council

Statement of Changes in Equity for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		276,572	179,543	456,115	-	456,115
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		276,572	179,543	456,115	-	456,115
c. Net Operating Result for the Year		4,961	-	4,961	-	4,961
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	12,804	12,804	-	12,804
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	12,804	12,804	-	12,804
Total Comprehensive Income (c&d)		4,961	12,804	17,765	-	17,765
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		281,533	192,347	473,880	-	473,880

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council 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

Cabonne Council

Statement of Cash Flows

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
10,874	Rates & Annual Charges		11,868	10,620
4,129	User Charges & Fees		9,106	8,842
1,549	Investment & Interest Revenue Received		1,884	1,606
16,812	Grants & Contributions		15,098	15,569
-	Other		2,010	1,579
Payments:				
(10,775)	Employee Benefits & On-Costs		(11,049)	(10,831)
(12,296)	Materials & Contracts		(9,460)	(5,667)
(53)	Borrowing Costs		(53)	(116)
-	Bonds, Deposits & Retention amounts refunded		(54)	-
(1,142)	Other		(5,223)	(3,650)
-	Adjustment of Section 355 Committees on Balance Sheet		-	(2,123)
<u>9,098</u>	Net Cash provided (or used in) Operating Activities	11b	<u>14,127</u>	<u>15,829</u>
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		1,450	500
120	Sale of Real Estate Assets		47	114
1,200	Sale of Infrastructure, Property, Plant & Equipment		1,179	1,088
-	Deferred Debtors Receipts		-	103
Payments:				
	Purchase of Investment Securities		(10,000)	-
(20,769)	Purchase of Infrastructure, Property, Plant & Equipment		(12,955)	(10,937)
-	Purchase of Real Estate Assets		(1)	(21)
-	Deferred Debtors & Advances Made		(600)	-
<u>(19,449)</u>	Net Cash provided (or used in) Investing Activities		<u>(20,880)</u>	<u>(9,153)</u>
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(71)	Repayment of Borrowings & Advances		(71)	(101)
<u>(71)</u>	Net Cash Flow provided (used in) Financing Activities		<u>(71)</u>	<u>(101)</u>
<u>(10,422)</u>	Net Increase/(Decrease) in Cash & Cash Equivalents		<u>(6,824)</u>	<u>6,575</u>
27,779	plus: Cash & Cash Equivalents - beginning of year	11a	32,807	26,232
<u>17,357</u>	Cash & Cash Equivalents - end of the year	11a	<u>25,983</u>	<u>32,807</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	10,330	1,743
	Total Cash, Cash Equivalents & Investments		<u>36,313</u>	<u>34,550</u>

Please refer to Note 11 for additional cash flow information

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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n/a - not applicable

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Because 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) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

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

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

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

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/12) and **(ii)** all the related operating results (for the financial year ended the 30th June 2012).

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

- *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*

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Total income from continuing operations	\$1,038
Total expenditure from continuing operations	\$919
Total net assets held (ie Equity)	\$1,720

Note:

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

(ii) The Trust Fund

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

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

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

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

(iii) Joint Ventures

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is 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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are

incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

(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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(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**"

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

category are included in the income statement in the period in which they arise.

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

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

Impairment

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

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

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance

with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

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

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

(g) Fair value estimation

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(Internal Valuation)
- **Operational Land** (Internal Valuation)
- **Buildings – Specialised/Non Specialised**
(Internal 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** (Internal Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

- Increases in the 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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds

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

Land

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

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
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Building

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

Water & Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Buildings

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

Stormwater Drainage

- Drains	60 years
- Culverts	60 years

Transportation Assets

- Sealed Roads : Surface	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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Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

A Discontinued Operation is a component of 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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Statement over the period of the borrowings using the effective interest method.

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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 Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

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

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

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

Defined Contribution Plans

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

(y) Self insurance

Council does not self insure.

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

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

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.

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

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

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

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

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

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

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

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

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

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

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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

AASB 13 was released in September 2011.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

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

Applicable to Local Government but no implications for Council;

None

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

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

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

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

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

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Governance	180	257	-	441	709	1,285	(261)	(452)	(1,285)	-	-	34,454	29,412
Administration	144	601	997	3,194	2,679	5,614	(3,050)	(2,078)	(4,617)	216	27	25,296	13,639
Public Order & Safety	42	272	431	1,002	887	805	(960)	(615)	(374)	25	279	3,479	3,526
Health	150	72	116	363	399	498	(213)	(327)	(382)	19	-	3,673	3,755
Environment	3,582	2,922	3,212	3,581	3,197	2,876	1	(275)	336	1,306	1,759	1,195	5,194
Community Services & Education	1,974	1,442	1,350	1,921	1,550	1,492	53	(108)	(142)	1,245	1,088	2,148	1,332
Housing & Community Amenities	385	260	280	1,279	572	834	(894)	(312)	(554)	-	1	2,048	3,199
Water Supplies	1,046	965	807	1,143	1,219	994	(97)	(254)	(187)	7	180	27,167	24,489
Sewerage Services	5,373	2,200	3,003	1,785	1,625	1,635	3,588	575	1,368	16	1,432	35,756	34,731
Recreation & Culture	556	165	504	2,206	1,918	1,594	(1,650)	(1,753)	(1,090)	91	404	13,321	16,764
Mining, Manufacturing & Construction	867	2,169	1,277	1,007	2,260	1,039	(140)	(91)	238	-	-	2,319	1,906
Transport & Communication	7,074	10,863	9,826	11,907	14,873	10,084	(4,833)	(4,010)	(258)	2,811	2,650	328,929	323,492
Economic Affairs	427	677	355	1,444	1,117	701	(1,017)	(440)	(346)	126	28	3,583	4,320
Total Functions & Activities	21,800	22,865	22,158	31,273	33,005	29,451	(9,473)	(10,140)	(7,293)	5,862	7,848	483,368	465,759
General Purpose Income ¹	13,637	15,101	13,581	-	-	-	13,637	15,101	13,581	5,391	4,135	-	-
Operating Result from Continuing Operations	35,437	37,966	35,739	31,273	33,005	29,451	4,164	4,961	6,288	11,253	11,983	483,368	465,759

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 2012

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 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		2,374	2,290
Farmland		4,495	4,356
Mining		1,408	1,372
Business		191	148
Total Ordinary Rates		8,468	8,166
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		717	645
Water Supply Services		284	239
Sewerage Services		1,267	1,193
Waste Management Services (non-domestic)		333	321
Section 611 Charges		-	5
Stormwater Levy		74	-
Other		5	80
Total Annual Charges		2,680	2,483
TOTAL RATES & ANNUAL CHARGES		11,148	10,649

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

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		391	297
Sewerage Services		79	98
Total User Charges		470	395
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Discretionary Fees - Other		259	349
Planning & Building Regulation		273	212
Private Works - Section 67		325	139
Section 603 Certificates		14	-
Waste Management		106	168
Total Fees & Charges - Statutory/Regulatory		977	868
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Caravan Park		135	-
Cemeteries		49	39
Lease Rentals		40	78
Recycling Income (Non Domestic)		66	85
RMS (formerly RTA) Charges (State Roads not controlled by Council)		7,276	5,329
Trade Waste		10	-
Total Fees & Charges - Other		7,576	5,531
TOTAL USER CHARGES & FEES		9,023	6,794

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		85	72
- Interest earned on Investments (interest & coupon payment income)		1,644	1,624
- Interest & Dividend Income (Other)		11	11
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		37	118
TOTAL INTEREST & INVESTMENT REVENUE		<u>1,777</u>	<u>1,825</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		62	72
General Council Cash & Investments		1,242	1,280
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		31	32
Water Fund Operations		176	131
Sewerage Fund Operations		122	124
Domestic Waste Management operations		47	72
Other Externally Restricted Assets		97	114
Total Interest & Investment Revenue Recognised		<u>1,777</u>	<u>1,825</u>
(d). Other Revenues			
Rental Income - Other Council Properties		121	72
Legal Fees Recovery - Rates & Charges (Extra Charges)		9	10
Commissions & Agency Fees		37	174
Diesel Rebate		19	59
Fire Protection		-	24
HACC Other Income		-	34
Insurance Claim Recoveries		25	47
Limestone Quarry & Gravel Pits		2,022	1,155
Sale of Materials		-	19
Swimming Pool		-	25
Rebates Received		5	-
Gravel Pit Restoration		22	-
Other		(34)	45
TOTAL OTHER REVENUE		<u>2,226</u>	<u>1,664</u>

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,928	2,235	-	-
Financial Assistance - Local Roads Component	2,368	1,806	-	-
Pensioners' Rates Subsidies - General Component	95	94	-	-
Total General Purpose	5,391	4,135	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	7	13	-	-
- Sewerage	16	30	-	-
- Domestic Waste Management	39	39	-	-
Water Supplies	-	47	83	121
Sewerage Services	-	-	650	1,402
Bushfire & Emergency Services	-	-	242	279
Community Care	1,176	1,088	-	-
Community Centres	-	-	-	104
Employment & Training Programs	12	61	-	-
Floodplan Management	30	31	-	-
Heritage & Cultural	3	16	-	-
Library	47	47	-	-
Molong Gasworks	-	-	-	500
Natural Disaster	-	2,088	-	-
Noxious Weeds	1,237	1,189	-	-
Recreation & Culture	-	-	7	100
RLCIP	-	-	-	131
Street Lighting	37	36	-	-
Transport (Roads to Recovery)	1,174	526	-	-
Transport (Other Roads & Bridges Funding)	-	-	508	-
Other	385	-	209	-
Total Specific Purpose	4,163	5,211	1,699	2,637
Total Grants	9,554	9,346	1,699	2,637
Grant Revenue is attributable to:				
- Commonwealth Funding	7,815	4,804	-	131
- State Funding	1,739	4,542	-	2,506
- Other Funding	-	-	1,699	-
	9,554	9,346	1,699	2,637

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	86	43	-	-
Total Developer Contributions	86	43	-	-
	17			
Other Contributions:				
Bushfire Services	25	71	-	29
Child Care	5	15	-	-
Community Services	10	-	-	-
Health Centre (Waluwin)	19	81	-	-
Home & Community Care (HACC)	54	74	-	-
Recreation & Culture	41	8	23	36
Roads & Bridges	102	114	-	105
RMS Contributions (Regional Roads, Block Grant)	1,015	949	374	636
Rural Fire Service	-	23	-	-
Sewerage (excl. Section 64 contributions)	-	5	28	24
Water Supplies (excl. Section 64 contributions)	-	-	12	73
WBC Alliance Income	193	136	-	69
Employment & Training	11	-	-	-
Economic Affairs	126	-	-	-
Other	13	44	32	21
Total Other Contributions	1,614	1,520	469	993
Total Contributions	1,700	1,563	469	993
TOTAL GRANTS & CONTRIBUTIONS	11,254	10,909	2,168	3,630

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2012	Actual 2011
(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	5,360	3,389
add: Grants & contributions recognised in the current period but not yet spent:	5,694	3,618
less: Grants & contributions recognised in a previous reporting period now spent:	(3,076)	(1,647)
Net Increase (Decrease) in Restricted Assets during the Period	2,618	1,971
Unexpended and held as Restricted Assets	7,978	5,360
Comprising:		
- Specific Purpose Unexpended Grants	5,408	2,311
- Developer Contributions	658	591
- Other Contributions	1,912	2,458
	7,978	5,360

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		8,454	7,989
Travelling		202	312
Employee Leave Entitlements (ELE)		2,153	1,573
Superannuation		1,343	1,214
Workers' Compensation Insurance		570	589
Fringe Benefit Tax (FBT)		35	19
Training Costs (other than Salaries & Wages)		189	225
Protective Clothing		45	-
Pre Employment Medicals		5	-
Other		44	51
Total Employee Costs		13,040	11,972
less: Capitalised Costs		(978)	(1,276)
TOTAL EMPLOYEE COSTS EXPENSED		12,062	10,696
Number of "Equivalent Full Time" Employees at year end		185	172
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		51	57
Interest on Advances		1	1
Total Interest Bearing Liability Costs		52	58
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		52	58
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	61	57
Total Other Borrowing Costs		61	57
TOTAL BORROWING COSTS EXPENSED		113	115

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		3,829	6,070
Contractor & Consultancy Costs		-	48
- Service Contracts		2,897	-
- Consultancy Costs		147	-
- Caretaker Fees		62	-
- Licence Agreements		145	-
Auditors Remuneration ⁽¹⁾		40	47
Legal Expenses:			
- Legal Expenses: Planning & Development		48	4
- Legal Expenses: Other		29	21
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		5	5
Total Materials & Contracts		7,202	6,195
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		7,202	6,195
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		40	31
Remuneration for audit and other assurance services		40	31
(ii) Other Services			
- Other Services		-	16
Remuneration for other services		-	16
Total Auditor Remuneration		40	47
2. Operating Lease Payments are attributable to:			
Computers		5	5
		5	5

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
Plant and Equipment		-	-	2,446	2,239
Office Equipment		-	-	254	235
Furniture & Fittings		-	-	43	46
Land Improvements (depreciable)		-	-	136	106
Buildings - Non Specialised		-	-	6	7
Buildings - Specialised		-	-	747	869
Other Structures		-	-	268	97
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,402	4,432
- Stormwater Drainage		-	-	94	93
- Water Supply Network		18	-	456	460
- Sewerage Network		-	-	478	482
Other Assets					
- Other		-	644	-	10
Asset Reinstatement Costs	9 & 26	-	-	52	52
Total Depreciation & Impairment Costs		18	644	9,382	9,128
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		18	644	9,382	9,128

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		100	71
Bad & Doubtful Debts		15	299
Bank Charges		17	-
Cleaning		122	-
Contributions/Levies to Other Levels of Government		1,383	209
- Bushfire Fighting Fund		187	-
Councillor Expenses - Mayoral Fee		21	21
Councillor Expenses - Councillors' Fees		118	114
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		64	61
Donations, Contributions & Assistance to other organisations (Section 356)		17	297
Electricity & Heating		628	317
External Plant Hire		356	368
Health Centre (Waluwin)		-	78
Insurance		419	270
Postage		34	41
Printing & Stationery		88	74
Street Lighting		11	100
Subscriptions & Publications		37	27
Telephone & Communications		128	157
Valuation Fees		76	67
Volunteer Expenses		28	-
Audit Fees - Internal		12	-
Pensioner Rates Write Off		16	-
Water / Sewer Sampling		11	-
Commissions Paid		15	-
Rent Expensese		16	-
Water Rates		22	-
Service Subsidy Expense		14	-
Other		273	102
Total Other Expenses		4,228	2,673
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>4,228</u>	<u>2,673</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,179	1,088
less: Carrying Amount of P&E Assets Sold / Written Off		(839)	(864)
Net Gain/(Loss) on Disposal		340	224
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		47	114
less: Carrying Amount of Real Estate Assets Sold / Written Off		(17)	(70)
Net Gain/(Loss) on Disposal		30	44
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,450	500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,450)	(500)
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>370</u>	<u>268</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,203	-	2,618	-
Cash-Equivalent Assets ¹					
- Deposits at Call		24,780	-	30,189	-
Total Cash & Cash Equivalents		25,983	-	32,807	-
Investment Securities (Note 6b)					
- Long Term Deposits		10,000	-	-	-
- CDO's		330	-	1,743	-
Total Investment Securities		10,330	-	1,743	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		36,313	-	34,550	-

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"	25,983	-	32,807	-
--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	330	-	1,743	-
Investments		10,330	-	1,743	-

Note 6(b-i)**Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"**

Balance at the Beginning of the Year	1,743	-	2,125	-
Revaluations (through the Income Statement)	37	-	118	-
Disposals (sales & redemptions)	(1,450)	-	(500)	-
Balance at End of Year	330	-	1,743	-

Comprising:

- CDO's	330	-	1,743	-
Total	330	-	1,743	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012	2012	2011	2011
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	36,313	-	34,550	-
attributable to:				
External Restrictions (refer below)	13,902	-	11,708	-
Internal Restrictions (refer below)	17,412	-	15,654	-
Unrestricted	4,999	-	7,188	-
	36,313	-	34,550	-

2012 \$ '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
RMS (formerly RTA) Advances (B)	173	-	-	173
External Restrictions - Included in Liabilities	198	-	-	198

External Restrictions - Other

Developer Contributions - General (D)	591	117	(50)	658
RMS (formerly RTA) Contributions (E)	1,965		(562)	1,403
Specific Purpose Unexpended Grants (F)	2,311	3,097		5,408
Water Supplies (G)	3,446	-	(179)	3,267
Sewerage Services (G)	2,037	-	(272)	1,765
Domestic Waste Management (G)	667	526	(499)	694
Other	493	198	(182)	509
External Restrictions - Other	11,510	3,938	(1,744)	13,704
Total External Restrictions	11,708	3,938	(1,744)	13,902

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 RMA 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 2012

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	2,703	-	(1,442)	1,261
Infrastructure Replacement	726	500	-	1,226
Employees Leave Entitlement	1,196	668	(327)	1,537
Capital Works	7,240	4,279	(2,657)	8,862
Community Services	42	60	(28)	74
Environment	88	-	-	88
Housing	167	-	-	167
Land Development	102	199	-	301
Limestone Quarry	852	474	(1)	1,325
Office Equipment	1,328	250	(287)	1,291
Recreation & Culture	265	37	(28)	274
Roadworks	255	38	(5)	288
Sewerage	17	-	-	17
Waste Management	667	527	(499)	695
Other	6	-	-	6
Total Internal Restrictions	15,654	7,032	(5,274)	17,412
TOTAL RESTRICTIONS	27,362	10,970	(7,018)	31,314

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		512	165	1,116	281
Interest & Extra Charges		144	-	64	-
User Charges & Fees		1,188	21	383	18
Accrued Revenues					
- Interest on Investments		15	-	239	-
- Other Income Accruals		1,582	-	-	-
Debtors to Local Bodies		-	-	-	42
Deferred Debtors		21	772	-	193
Government Grants & Subsidies		1,169	-	2,501	-
Loans to Non Profit Organisations		-	-	52	100
NSW Rural Fire Service		-	-	125	-
Quarry Debtors		-	-	206	21
State Cover - Workers Compensation		19	-	131	-
WBC Alliance		-	-	35	-
Workers Compensation		9	-	-	-
Other Debtors		466	11	245	31
Total		5,125	969	5,126	686
less: Provision for Impairment					
Rates & Annual Charges		-	(172)	-	(172)
User Charges & Fees		(366)	(18)	(358)	(18)
Total Provision for Impairment - Receivables		(366)	(190)	(358)	(190)
TOTAL NET RECEIVABLES		4,759	779	4,768	496
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		7	-	-	-
- Rates & Availability Charges		6	21	378	18
- Other		467	-	14	-
Sewerage Services					
- Specific Purpose Grants		1,064	-	863	-
- Rates & Availability Charges		13	75	797	82
- Other		806	-	-	-
Domestic Waste Management		8	-	8	-
Total External Restrictions		2,371	96	2,060	100
Internally Restricted Receivables - Nil					
Unrestricted Receivables		2,388	683	2,708	396
TOTAL NET RECEIVABLES		4,759	779	4,768	496

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		847	162	863	162
Stores & Materials		346	-	522	-
Total Inventories		1,193	162	1,385	162
Other Assets					
Prepayments		1	-	20	-
Shares in Unlisted Companies - StateCover		-	262	-	241
Total Other Assets		1	262	20	241
TOTAL INVENTORIES / OTHER ASSETS		1,194	424	1,405	403

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures**(a) Details for Real Estate Development**

Residential		727	107	743	107
Industrial/Commercial		120	55	120	55
Total Real Estate for Resale		847	162	863	162

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

Represented by:

Acquisition Costs		413	118	500	120
Development Costs		434	44	363	42
Total Costs		847	162	863	162
less: Provision for Under Recovery		-	-	-	-
Total Real Estate for Resale		847	162	863	162

Movements:

Real Estate assets at beginning of the year		863	162	912	162
- Purchases and other costs		1	-	21	-
- WDV of Sales (exp)	5	(17)	-	(70)	-
Total Real Estate for Resale		847	162	863	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;

Real Estate for Resale		2012	2011
		505	550
		505	550

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period							as at 30/6/2012				
	At	At	Accumulated		Carrying	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	4,799	-	-	-	4,799	342	-	-	-	-	(4,173)	-	968	-	-	-	968
Plant & Equipment	-	36,438	21,529	-	14,909	4,223	-	(839)	(2,446)	-	-	-	-	38,361	22,514	-	15,847
Office Equipment	-	2,317	1,631	-	686	288	-	-	(254)	-	-	-	-	2,605	1,885	-	720
Furniture & Fittings	-	702	469	-	233	20	-	-	(43)	-	-	-	-	722	512	-	210
Land:																	
- Operational Land	-	5,148	-	-	5,148	-	-	-	-	-	(303)	-	-	4,845	-	-	4,845
- Community Land	-	186	-	-	186	139	-	-	-	-	303	9,819	-	10,447	-	-	10,447
Land Improvements - non depreciable	-	1,071	-	-	1,071	-	-	-	-	-	-	-	-	1,071	-	-	1,071
Land Improvements - depreciable	-	3,555	1,853	-	1,702	95	-	-	(136)	-	-	-	-	3,650	1,989	-	1,661
Buildings - Non Specialised	-	340	33	-	307	-	-	-	(6)	-	-	-	-	340	39	-	301
Buildings - Specialised	-	39,099	18,350	-	20,749	490	-	-	(747)	-	-	-	-	39,589	19,097	-	20,492
Other Structures	-	9,573	4,723	-	4,850	548	-	-	(268)	-	-	-	-	10,121	4,991	-	5,130
Infrastructure:																	
- Roads, Bridges, Footpaths	-	249,983	89,886	-	160,097	3,672	343	-	(4,402)	-	-	-	-	254,351	94,289	352	159,710
- Bulk Earthworks (non-depreciable)	-	162,554	-	-	162,554	1,521	-	-	-	-	-	-	-	164,075	-	-	164,075
- Stormwater Drainage	-	7,182	2,105	-	5,077	25	-	-	(94)	-	-	-	-	7,207	2,199	-	5,008
- Water Supply Network	-	43,663	23,946	-	19,717	392	-	-	(456)	(18)	-	2,544	-	40,654	18,475	-	22,179
- Sewerage Network	-	34,041	12,312	-	21,729	1,101	-	-	(478)	-	4,173	441	-	34,965	8,001	-	26,964
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																	
- Tip Asset	-	287	275	-	12	-	-	-	(1)	-	-	-	-	287	276	-	11
- Quarry Asset	-	657	346	-	311	-	-	-	(51)	-	-	-	-	657	397	-	260
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	4,799	596,796	177,458	-	424,137	12,856	343	(839)	(9,382)	(18)	-	12,804	968	613,947	174,664	352	439,899

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	3,234	2,250	984	-	3,229	2,184	1,045
Land								
- Operational Land	-	141	-	141	-	141	-	141
- Community Land	-	268	-	268	-	44	-	44
- Improvements - depreciable	-	28	4	24	-	28	4	24
Infrastructure	-	40,199	18,217	21,982	-	43,097	23,718	19,379
Total Water Supply	-	43,870	20,471	23,399	-	46,539	25,906	20,633
Sewerage Services								
WIP	-	789	-	789	4,799	-	-	4,799
Plant & Equipment	-	5,967	3,575	2,392	-	5,938	3,394	2,544
Land								
- Operational Land	-	254	-	254	-	254	-	254
- Community Land	-	64	-	64	-	10	-	10
- Improvements non-depreciable	-	999	-	999	-	999	-	999
- Improvements - depreciable	-	977	589	388	-	977	540	437
Buildings	-	200	24	176	-	200	20	180
Other Structures	-	7	-	7	-	-	-	-
Infrastructure	-	34,965	8,001	26,964	-	34,040	12,311	21,729
Total Sewerage Services	-	44,222	12,189	32,033	4,799	42,418	16,265	30,952
Domestic Waste Management								
Plant & Equipment	-	301	149	152	-	303	123	180
Land								
- Operational Land	-	245	-	245	-	245	-	245
- Improvements - depreciable	-	240	46	194	-	244	38	206
Buildings	-	7	-	7	-	7	-	7
Other Assets	-	455	141	314	-	168	15	153
Total DWM	-	1,248	336	912	-	1,067	176	891
TOTAL RESTRICTED I,PP&E	-	89,340	32,996	56,344	4,799	90,024	42,347	52,476

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

\$ '000	Notes	Actual 2012	Actual 2011
Impairment Losses recognised in the Income Statement include:			
- Other Assets impaired at 30/06/2011		(18)	(261)
- WIP Assets impaired at 30/06/2011		-	(383)
Total Impairment Losses		(18)	(644)
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	(18)	(644)

Refer to Note 9(a) for Impairment Restoration Works totalling \$343K undertaken this year relating to current year or prior year Impairments.

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,830	-	3,544	-
Payments Received In Advance		206	-	117	-
Accrued Expenses:					
- Borrowings		4	-	5	-
- Salaries & Wages		175	-	-	-
- Other Expenditure Accruals		270	-	-	-
Security Bonds, Deposits & Retentions		282	-	336	-
ATO - Net GST Payable		183	-	-	-
Other		31	-	20	-
Total Payables		2,981	-	4,022	-
Borrowings					
Loans - Secured ¹		69	595	65	664
Government Advances		6	12	6	18
Total Borrowings		75	607	71	682
Provisions					
Employee Benefits;					
Annual Leave		991	-	934	-
Long Service Leave		3,322	115	2,458	141
Sub Total - Aggregate Employee Benefits		4,313	115	3,392	141
Asset Remediation/Restoration (Future Works) ²⁶		-	1,397	-	1,336
Total Provisions		4,313	1,512	3,392	1,477
Total Payables, Borrowings & Provisions		7,369	2,119	7,485	2,159

(i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	114	-	123	-
Sewer	235	595	134	813
Other	173	-	173	-
Liabilities relating to externally restricted assets	522	595	430	813
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	522	595	430	813

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 2012

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

\$ '000	2012	2011
(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	3,332	2,458
	3,332	2,458

Note 10b. Description of and movements in Provisions

Class of Provision	2011		2012			Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	934	454	(539)	142	-	991
Long Service Leave	2,599	641	(308)	505	-	3,437
Asset Remediation	1,336	61	-	-	-	1,397
TOTAL	4,869	1,156	(847)	647	-	5,825

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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	25,983	32,807
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		25,983	32,807
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		4,961	6,288
Adjust for non cash items:			
Depreciation & Amortisation		9,382	9,128
Net Losses/(Gains) on Disposal of Assets		(370)	(268)
Non Cash Capital Grants and Contributions		(242)	(279)
Impairment Losses Recognition - I,PP&E		18	644
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(37)	(118)
Derecognition of Section 355 Committees / Asset Impairment		-	(2,123)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
Unwinding of Discount Rates on Reinstatement Provisions		61	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		318	653
Increase/(Decrease) in Provision for Doubtful Debts		8	403
Decrease/(Increase) in Inventories		176	(145)
Decrease/(Increase) in Other Assets		(2)	108
Increase/(Decrease) in Payables		(1,714)	1,504
Increase/(Decrease) in accrued Interest Payable		(1)	(1)
Increase/(Decrease) in other accrued Expenses Payable		445	-
Increase/(Decrease) in Other Liabilities		229	54
Increase/(Decrease) in Employee Leave Entitlements		895	(77)
Increase/(Decrease) in Other Provisions		-	58
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		14,127	15,829

Cabonne Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		242	279
Total Non-Cash Investing & Financing Activities		242	279
(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		15	12
Total Financing Arrangements		465	462
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	2
Total Financing Arrangements Utilised		-	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 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(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
Plant & Equipment		220	218
Total Commitments		220	1,366
These expenditures are payable as follows:			
Within the next year		220	1,366
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		220	1,366
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	1,213
Unexpended Grants		-	153
Internally Restricted Reserves		220	-
Total Sources of Funding		220	1,366

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b) Finance Lease Commitments			
Nil			
(c) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		3	3
Later than one year and not later than 5 years		2	5
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		5	8

b. Non Cancellable Operating Leases include the following assets:

Photocopier for Family Day Care

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

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.

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011 2010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>25,488</u>	7.25 : 1	5.74	7.41
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>3,515</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>123</u>	0.41%	0.63%	0.74%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>29,935</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>11,148</u>	29.36%	29.80%	30.52%
Income from Continuing Operations	<u>37,966</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>649</u>	5.18%	10.76%	10.92%
Rates, Annual & Extra Charges Collectible	<u>12,531</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>5,548</u>	89.47%	118.82%	124.57%
Depreciation, Amortisation & Impairment	<u>6,201</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

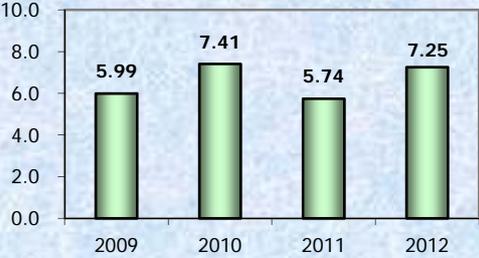
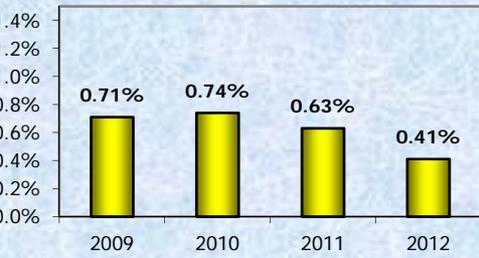
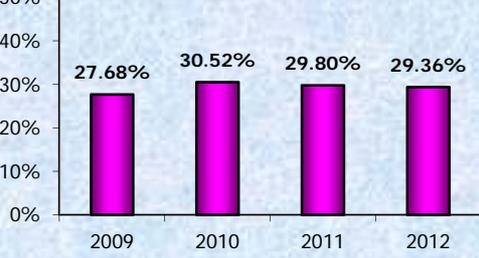
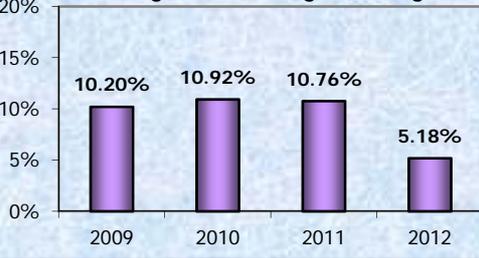
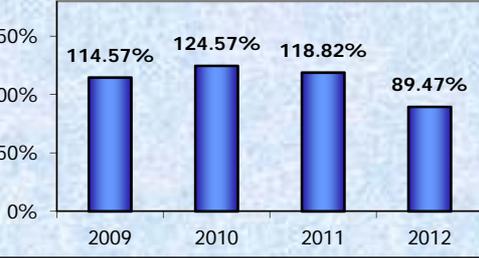
(3) Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

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

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

<p>1. Unrestricted Current Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>7.25</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	5.99	2010	7.41	2011	5.74	2012	7.25	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 7.25 : 1</p> <p>The trend that can be seen in Unrestricted Current Ratio shows that is once again Council is in a strong and robust financial position to satisfy all obligations of Council's activities as they fall due.</p>
Year	Ratio : 1											
2009	5.99											
2010	7.41											
2011	5.74											
2012	7.25											
<p>2. Debt Service Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>0.41%</td> </tr> </tbody> </table>	Year	Ratio %	2009	0.71%	2010	0.74%	2011	0.63%	2012	0.41%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 0.41%</p> <p>The declining Debt Service Ratio of .43% once again is well below industry standard. Council is anticipating to borrowing in the future for its Small Town Sewerage Sceme and this ratio shows that Council is well situated to 9ncrease it's debt obligation.</p>
Year	Ratio %											
2009	0.71%											
2010	0.74%											
2011	0.63%											
2012	0.41%											
<p>3. Rates & Annual Charges Coverage Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>29.36%</td> </tr> </tbody> </table>	Year	Ratio %	2009	27.68%	2010	30.52%	2011	29.80%	2012	29.36%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 29.36%</p> <p>Council's Rates & Annual Charges Coverage Ratio has remained steady over the past 4 Years. This is comparable to industry standards and particulary other regional Council's with similar characteristics.</p>
Year	Ratio %											
2009	27.68%											
2010	30.52%											
2011	29.80%											
2012	29.36%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>5.18%</td> </tr> </tbody> </table>	Year	Ratio %	2009	10.20%	2010	10.92%	2011	10.76%	2012	5.18%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 5.18%</p> <p>Council's Rates, Annual Charges, Interest & Extra Charges Outstanding Ratio has increased slightly from last year however has remained steady over the past 4 years.It should be noted that water and sewer rates leiced on the 30th June 2012, ratepayer did not have the opertunity to pay.</p>
Year	Ratio %											
2009	10.20%											
2010	10.92%											
2011	10.76%											
2012	5.18%											
<p>5. Building & Infrastructure Renewals Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2012</td> <td>89.47%</td> </tr> </tbody> </table>	Year	Ratio %	2009	114.57%	2010	124.57%	2011	118.82%	2012	89.47%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 89.47%</p> <p>Even though there is a decrease in the Building & Infrastructure Renewal Ratio, this is still a pleasing result for Council.</p>
Year	Ratio %											
2009	114.57%											
2010	124.57%											
2011	118.82%											
2012	89.47%											

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽¹⁾</u>	32.87 : 1	15.52 : 1	7.25 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	3.19 : 1	12.39 : 1	5.74 : 1
2. Debt Service Ratio			
<u>Debt Service Cost</u>	0.00%	4.73%	0.18%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	0.00%	7.04%	0.23%
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	29.49%	57.56%	27.58%
Income from Continuing Operations			
prior period:	24.87%	40.57%	28.95%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	9.51%	6.95%	4.86%
Rates, Annual & Extra Charges Collectible			
prior period:	29.10%	18.32%	9.14%
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals (Building & Infrastructure assets)</u>	0.00%	0.00%	105.70%
Depreciation, Amortisation & Impairment			
prior period:	16.67%	6.65%	147.20%

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 2012

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	25,983	32,807	35,983	32,807
Investments				
- "Held for Trading"	330	1,743	330	1,743
Receivables	5,538	5,264	5,538	5,318
Other Financial Assets	262	241	262	241
Total Financial Assets	42,113	40,055	42,113	40,109
Financial Liabilities				
Payables	2,775	3,905	2,775	3,651
Loans / Advances	682	753	681	753
Total Financial Liabilities	3,457	4,658	3,456	4,404

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 2012

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 & 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 & recognised at fair values:

2012	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	330	-	-	330
Total Financial Assets	330	-	-	330
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

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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 its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 10% movement in Market Values	2	33	(2)	(33)
Possible impact of a 1% movement in Interest Rates	591	591	(591)	(591)
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)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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.

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

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:

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	4,624	-	4,199
Past due by up to 30 days	512	21	1,116	18
Past due between 31 and 180 days	165	-	281	-
Past due by more than 1 year	-	772	-	198
	<u>677</u>	<u>5,417</u>	<u>1,397</u>	<u>4,415</u>
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			548	145
+ new provisions recognised during the year			23	418
- amounts already provided for & written off this year			(15)	(15)
Balance at the end of the year			<u>556</u>	<u>548</u>

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Trade/Other Payables	282	2,493	-	-	-	-	-	2,775	2,775
Loans & Advances	-	123	120	119	119	119	296	896	682
Total Financial Liabilities	282	2,616	120	119	119	119	296	3,671	3,457
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

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:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,775	0.0%	3,905	0.0%
Loans & Advances - Fixed Interest Rate	682	6.9%	753	6.9%
	<u>3,457</u>		<u>4,658</u>	

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 25 June 2012.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	10,874	11,148	274	3%	F
User Charges & Fees	4,129	9,023	4,894	119%	F
Councils original budget did not include extra funding received from Roads and Maritime.					
Interest & Investment Revenue	1,549	1,777	228	15%	F
Council anticipated that the interest rates for the 2012 financial year would be less than than expected due to the Global Financial Crisis and general economic forecasts.					
Other Revenues	2,072	2,226	154	7%	F
Operating Grants & Contributions	10,808	11,254	446	4%	F
Capital Grants & Contributions	6,005	2,168	(3,837)	(64%)	U
Council was anticipating to receive additional grants in 2012 for the Small Town Sewerage Scheme. These funds are now to be expected to be received by Council in the 2013 financial year.					
Net Gains from Disposal of Assets	-	370	370	0%	F

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	10,824	12,062	(1,238)	(11%)	U
Council's Employee Benefits & On-Costs have increased due to the number of full time equivalent employees increasing from 172 to 185 employees.					
Borrowing Costs	54	113	(59)	(109%)	U
In Council's original budget there was no estimate made for remediation costs in relation to its Gravel Pits and Quarry.					
Materials & Contracts	10,296	7,202	3,094	30%	F
The variation is a due to a reclassification between material & contracts and other expenses					
Depreciation & Amortisation	8,955	9,382	(427)	(5%)	U
Other Expenses	1,144	4,228	(3,084)	(270%)	U
The variation is a due to a reclassification between material & contracts and other expenses					
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	9,098	14,127	5,029	55.3%	F
Variations in this activity are mainly due to an increase in Roads and Maritime funding for ordered works.					
Cash Flows from Investing Activities	(19,449)	(20,880)	(1,431)	7.4%	U
Council was anticipating to complete its Small Town Sewerage Scheme. However due to circumstances beyond Council's control it was unable. Council expects that this scheme will be completed in the 2013 financial year.					
Cash Flows from Financing Activities	(71)	(71)	-	0.0%	F

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	393	69	-	21	(50)	-	433	40	(30)	443	-
Other	198	17	-	10	-	-	225	10	(8)	227	-
S94 Contributions - under a Plan	591	86	-	31	(50)	-	658	50	(38)	670	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	591	86	-	31	(50)	-	658				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	-	-	-	-	-	-	-				
Total Contributions	591	86	-	31	(50)	-	658	50	(38)	670	-

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	22	-	-	1	-	-	23	-	-	23	-
Total	22	-	-	1	-	-	23	-	-	23	-

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	371	69	-	20	(50)	-	410	40	(30)	420	-
Total	371	69	-	20	(50)	-	410	40	(30)	420	-

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	198	17	-	10	-	-	225	10	(8)	227	-
Total	198	17	-	10	-	-	225	10	(8)	227	-

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its 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 2012

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 2012

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 the Infringement Processing Bureau.

ASSETS NOT RECOGNISED: (continued)

(ii) Infringement Notices/Fines (continued)

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 2012

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	2012 Net Profit	2012 Net Assets
Central Western Co-Operative Public Library	<i>Library Services to member Councils</i>	22	122
Regional Waste Facility	<i>JV agreement to develop a regional waste facility</i>		
Strategic Alliance Wellington, Blayney & Cabonne Councils	<i>Investigation and provision of economies of scale opportunities for member Councils</i>		
Southern Phone Company	<i>Telecommunications</i>		

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		276,572	274,222
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	(3,931)
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	(7)
d. Net Operating Result for the Year		4,961	6,288
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		<u>281,533</u>	<u>276,572</u>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	192,347	179,543
Total	<u>192,347</u>	<u>179,543</u>

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

- Opening Balance	179,543	178,208
- Revaluations for the year	9(a) 12,804	4,147
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c) -	(2,812)
- Balance at End of Year	<u>192,347</u>	<u>179,543</u>

TOTAL VALUE OF RESERVES

<u>192,347</u>	<u>179,543</u>
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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 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Council made no correction of errors during the current reporting period.			
d. Voluntary Changes in Accounting Policies			
Voluntary Changes in Accounting Policies actioned in 10/11			
Council made a change in Accounting Policy during 10/11 to not include the Section 355 Committees in the Balance Sheet and Income Statement due to their immaterial nature and minimal impact on the Financial Statements.			
The Section 355 Committees results are now shown in Note 1 (i).			
- 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.			
Council elected to derecognise Land Under Roads owned by Council (as at 30/6/08) in accordance with available choices under the AASB & Code of Accounting Practice & Reporting.			
This had the effect of reducing I,PP&E and Equity.			(2,999)
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	(3,931)
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		-	-
Total Prior Period Adjustments - Accounting Policy Changes		-	(3,931)

Cabonne Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
<u>Continuing Operations</u>	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	284	1,267	9,597
User Charges & Fees	398	98	8,527
Interest & Investment Revenue	176	122	1,479
Other Revenues	3	19	2,204
Grants & Contributions provided for Operating Purposes	7	17	11,230
Grants & Contributions provided for Capital Purposes	95	678	1,395
Other Income			
Net Gains from Disposal of Assets	-	-	370
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	963	2,201	34,802
Expenses from Continuing Operations			
Employee Benefits & on-costs	51	255	11,756
Borrowing Costs	-	50	63
Materials & Contracts	438	404	6,360
Depreciation & Amortisation	533	713	8,136
Impairment	-	-	18
Other Expenses	138	130	3,960
Interest & Investment Losses	-	-	-
Total Expenses from Continuing Operations	1,160	1,552	30,293
Operating Result from Continuing Operations	(197)	649	4,509
<u>Discontinued Operations</u>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(197)	649	4,509
Net Operating Result attributable to each Council Fund	(197)	649	4,509
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(292)	(29)	3,114

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

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Cabonne Council

Notes to the Financial Statements
as at 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	3,267	1,765	20,951
Investments	-	-	10,330
Receivables	480	1,883	2,396
Inventories	-	-	1,193
Other	-	-	1
Total Current Assets	3,747	3,648	34,871
Non-Current Assets			
Investments	-	-	-
Receivables	21	75	683
Inventories	-	-	162
Infrastructure, Property, Plant & Equipment	23,399	32,033	384,467
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	262
Total Non-Current Assets	23,420	32,108	385,574
TOTAL ASSETS	27,167	35,756	420,445
LIABILITIES			
Current Liabilities			
Payables	114	163	2,704
Borrowings	-	72	3
Provisions	-	-	4,313
Total Current Liabilities	114	235	7,020
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	595	12
Provisions	-	-	1,512
Total Non-Current Liabilities	-	595	1,524
TOTAL LIABILITIES	114	830	8,544
Net Assets	27,053	34,926	411,901
EQUITY			
Retained Earnings	11,902	20,963	248,668
Revaluation Reserves	15,151	13,963	163,233
Total Equity	27,053	34,926	411,901

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

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Cabonne Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 2012, 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 15/10/12.

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 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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 2012

Note 25. Intangible Assets

\$ '000

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2012	2011
Tip Operations	2016	350	349
Quarry Operations	2039	1,047	987
Balance at End of the Reporting Period	10(a)	1,397	1,336

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	1,336	1,278
Effect of a change in discount rates used in PV calculations	-	1
Amortisation of discount (expensed to borrowing costs)	61	57
Total - Reinstatement, rehabilitation and restoration provision	1,397	1,336

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 2012

Note 27. Financial Review

\$ '000

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

Financial Performance Figures	2012	2011	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	11,148	10,649	10,302	9,721	9,451
User Charges Revenue	9,023	6,794	6,594	7,842	6,747
Interest & Investment Revenue (Losses)	1,777	1,825	1,640	1,755	888
Grants Income - Operating & Capital	11,253	11,983	8,963	11,089	9,856
Total Income from Continuing Operations	37,966	35,739	32,901	35,121	31,714
Sale Proceeds from I,PP&E	1,226	1,202	1,222	1,144	1,130
New Loan Borrowings & Advances	-	-	-	-	-
Outflows:					
Employee Benefits & On-cost Expenses	12,062	10,696	10,652	10,651	8,089
Borrowing Costs	113	115	145	123	130
Materials & Contracts Expenses	7,202	6,195	5,960	7,240	7,302
Total Expenses from Continuing Operations	33,005	29,451	27,415	28,838	25,476
Total Cash purchases of I,PP&E	12,955	10,937	14,169	10,905	13,580
Total Loan Repayments (incl. Finance Leases)	71	101	117	114	149
Operating Surplus/(Deficit) (excl. Capital Income)	2,793	2,658	2,298	1,736	315
Financial Position Figures	2012	2011	2010	2009	2008
Current Assets	42,266	40,723	35,504	36,471	36,088
Current Liabilities	7,369	7,485	6,027	6,194	6,816
Net Current Assets	34,897	33,238	29,477	30,277	29,272
Available Working Capital (Unrestricted Net Current Assets)	5,596	7,159	6,114	4,152	8,582
Cash & Investments - Unrestricted	4,999	7,188	4,532	1,780	3,046
Cash & Investments - Internal Restrictions	17,412	15,654	13,904	15,086	10,457
Cash & Investments - Total	36,313	34,550	28,357	29,244	29,409
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	682	753	854	971	1,085
Total Value of I,PP&E (excl. Land & Earthworks)	434,477	432,636	418,280	365,459	352,830
Total Accumulated Depreciation	175,016	177,458	166,202	145,712	190,616
Indicative Remaining Useful Life (as a % of GBV)	60%	59%	60%	60%	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 2012

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

Andrew L Hopkins

RESPONSIBLE ACCOUNTING OFFICER

Stephen Harding

PUBLIC OFFICER

Gerard Aguila

AUDITORS

Morse Group

Elected Members

MAYOR

Ian Gosper

COUNCILLORS

Janelle Culverson

Ian Davison

Geoffrey Dean

Anthony Durkin

Michael Hayes

David Hyde

Lachlan MacSmith

Marlene Nash

Graham Smith

Gregory Treavors

Sharon Wilcox

Other Information

ABN: 419 929 192 00

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

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Cabonne Council (The Council) for the financial year ended 30 June 2012. 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 Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, 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 2012 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) have been prepared in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) are in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations).
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have emerged in the course of the audit.


MORSE GROUP

237 Lords Place
Orange
Dated:30 October 2012


JD O'MALLEY
PARTNER

30 October 2012

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

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT - Section 417(3)
CABONNE COUNCIL YEAR ENDED 30 JUNE 2012**

We advise having completed our audit of the financial statements of Cabonne Council for the financial year ended 30 June 2012. 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 2012. 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.



Chartered Accountants



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 \$4,961,000 (2011 - \$6,288,000). Selected items of note in the operating statement include:

Revenue

The operating result from ordinary activities *before* capital amounts was \$2,793,000 (2011 – \$2,658,000).

- User charges and fee income grew by \$2,229,000 to \$9,023,000 (2011 - \$6,794,000) with the increase mainly due to additional work performed for RMS (formerly RTA).
- Capital grants and contributions decreased by \$1,462,000 returning to trend levels following significant grants in 2011 for the small towns sewer project and remediation of the former Molong gasworks site.

Expenditure

- Employee costs were higher than 2011. The increase was mainly due to the reduction in discount rates applied to employee leave entitlements, coupled with a lower level of capitalised labour.
- Materials and contract costs increased \$1,007,000 to \$7,202,000 (2011 - \$6,195,000) the increase is consistent with the growth in work carried out for RMS.
- Depreciation and Amortisation has seen a further slight increase, as was expected following the revaluation of other structures last year. The expense was \$9,382,000 this year compared with \$9,128,000 in 2011.
- Other expenses were higher this year due to the inclusion of Macquarie Valley Weeds operations under the auspices of the Council. This is disclosed in the line item "Contribution / Levies to other levels of Government".

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

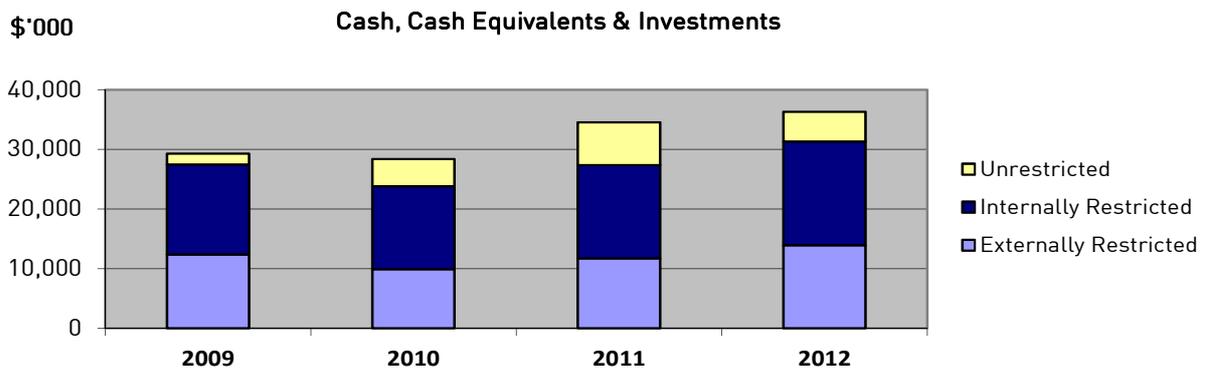
(b) Financial Position

The Balance Sheet discloses that for the year ended 30 June 2012 Council's net assets stood at \$473,880,000 (2011 - \$456,115,000), which represents an increase of \$17,765,000. The increase comprises the net operating surplus after capital amounts of \$4,961,000 and the net revaluation increment attributable to the revaluation of Council's water and sewer infrastructure of \$12,804,000.

To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions is summarised as follows: -

	2012 \$'000	2011 \$'000
Net current assets	34,897	33,238
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(16,273)	(13,768)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(17,412)	(15,654)
Add: Applicable current liabilities refer Note 10		
- Water	114	123
- Sewerage	235	134
- Other	173	173
Add: Employee Leave Entitlements to be paid > 12 months	3,332	2,458
Unrestricted net current asset surplus/(deficit)	<u>5,066</u>	<u>6,704</u>
Unrestricted net current assets comprise: -		
Assets		
Cash	4,999	7,188
Receivables	2,388	2,708
Real estate development land	847	863
Inventories	346	522
Prepayments	1	20
	<u>8,581</u>	<u>11,301</u>
Less:		
Liabilities	(6,847)	(7,055)
Plus:		
Employee Leave Entitlements To be paid > 12 months	3,332	2,458
Unrestricted net current asset surplus/ (deficit)	<u>5,066</u>	<u>6,704</u>

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 \$36,313,000 (2011 - \$34,550,000), of this amount \$13,902,000 (2011 - \$11,708,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$17,412,000 (2011 - \$15,654,000) 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 \$4,999,000 (2011 - \$7,188,000) 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 Ratio

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 7.25:1 (2011: 5.74:1) 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 0.41% (2011 - 0.63%) 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 29.36% (2011 – 29.80%) is consistent with prior years.

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 5.18% (2011 – 10.76%) has improved considerably against the prior year, reflecting effective debtor management.

Each percentage point movement in this ratio equates to approximately \$125,000.

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 89.47% in the current year prima facie 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 (\$6,824,000) (2011 increase - \$6,575,000) as follows:

	2012 \$'000	2011 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	14,127	15,829	(1,702)
Investing activities	(20,880)	(9,153)	(11,727)
Financing activities	(71)	(101)	30
	<hr/>		
Net increase / (decrease) in cash held	(6,824)	6,575	(13,399)

Cash flows from operating activities

The cashflows from operating activities have decreased due to the increased payments for materials and contracts.

Cash flows from investing activities

Cash outflows related to acquisitions of infrastructure, property, plant and equipment were up substantially, with several items of heavy plant replaced in addition to capital works on roads and sewer infrastructure.

Cash flows from financing activities

The net cash flow used in financing activities was \$71,000 (2011 - \$101,000), 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 \$4,961,000 was \$797,000 more than Council's original estimates.

The intent of this report does not include detailed analysis of individual budget variations. 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 2012. Council has determined that it has three business units within its operations: Water, Sewerage and Quarry.

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 2012 has been issued.

Management Letters

Our most recent management letter was issued on 17 July 2012. 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 2012 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

MORSE GROUP

237 Lords Place
Orange
Dated: 30 October 2012

J D O'Malley
JD O'MALLEY
PARTNER

Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

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



Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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Background

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

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

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

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

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

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

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 15 October 2012.



Ian Gosper
MAYOR



Kevin Walker
COUNCILLOR



Andrew L Hopkins
GENERAL MANAGER



Stephen Harding
RESPONSIBLE ACCOUNTING OFFICER

Cabonne Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	284	246	202
User charges	398	297	423
Fees	-	-	-
Interest	176	131	132
Grants and contributions provided for non capital purposes	7	60	313
Profit from the sale of assets	-	-	-
Other income	3	61	121
Total income from continuing operations	868	795	1,191
Expenses from continuing operations			
Employee benefits and on-costs	51	215	182
Borrowing costs	-	-	-
Materials and contracts	438	205	269
Depreciation and impairment	533	532	496
Water purchase charges	-	-	-
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	138	248	215
Total expenses from continuing operations	1,160	1,200	1,162
Surplus (deficit) from Continuing Operations before capital amounts	(292)	(405)	29
Grants and contributions provided for capital purposes	95	194	10
Surplus (deficit) from Continuing Operations after capital amounts	(197)	(211)	39
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(197)	(211)	39
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(9)
SURPLUS (DEFICIT) AFTER TAX	(197)	(211)	30
plus Opening Retained Profits	12,143	12,354	12,315
plus/less: Other Adjustments	(44)	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	9
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	11,902	12,143	12,354
Return on Capital %	-1.2%	-2.0%	0.1%
Subsidy from Council	1,001	1,480	1,000
Calculation of dividend payable:			
Surplus (deficit) after tax	(197)	(211)	30
less: Capital grants and contributions (excluding developer contributions)	(95)	(194)	(10)
Surplus for dividend calculation purposes	-	-	20
Potential Dividend calculated from surplus	-	-	10

Cabonne Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	1,267	1,192	1,201
User charges	98	98	120
Liquid Trade Waste charges	-	-	-
Fees	-	3	2
Interest	122	124	130
Grants and contributions provided for non capital purposes	17	35	31
Profit from the sale of assets	-	-	-
Other income	19	60	72
Total income from continuing operations	1,523	1,512	1,556
Expenses from continuing operations			
Employee benefits and on-costs	255	206	546
Borrowing costs	50	57	63
Materials and contracts	404	224	262
Depreciation and impairment	713	1,042	685
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	130	243	204
Total expenses from continuing operations	1,552	1,772	1,760
Surplus (deficit) from Continuing Operations before capital amounts	(29)	(260)	(204)
Grants and contributions provided for capital purposes	678	1,426	1,315
Surplus (deficit) from Continuing Operations after capital amounts	649	1,166	1,111
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	649	1,166	1,111
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	649	1,166	1,111
plus Opening Retained Profits	20,326	19,160	18,049
plus/less: Other Adjustments	(12)	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	20,963	20,326	19,160
Return on Capital %	0.1%	-0.7%	-0.5%
Subsidy from Council	950	1,816	1,604
Calculation of dividend payable:			
Surplus (deficit) after tax	649	1,166	1,111
less: Capital grants and contributions (excluding developer contributions)	(678)	(1,426)	(1,315)
Surplus for dividend calculation purposes	-	-	-
Potential Dividend calculated from surplus	-	-	-

Cabonne Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

\$ '000	Quarry		Private Works	
	Category 2		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Income from continuing operations				
Access charges	-	-	-	-
User charges	2,022	1,112	-	139
Fees	-	-	-	-
Interest	25	21	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
Total income from continuing operations	2,047	1,133	-	139
Expenses from continuing operations				
Employee benefits and on-costs	812	204	-	21
Borrowing costs	-	-	-	-
Materials and contracts	330	451	-	97
Depreciation and impairment	157	240	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	405	370	-	-
Total expenses from continuing operations	1,704	1,265	-	118
Surplus (deficit) from Continuing Operations before capital amounts	343	(132)	-	21
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	343	(132)	-	21
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	343	(132)	-	21
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(103)	-	-	(6)
SURPLUS (DEFICIT) AFTER TAX	240	(132)	-	15
plus Opening Retained Profits	1,171	1,303	-	973
plus/less: Other Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	103	-	-	6
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	1,514	1,171	-	994
Return on Capital %	27.1%	-8.4%	n/a	n/a
Subsidy from Council	-	214	-	-

Cabonne Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	3,267	3,446
Investments	-	-
Receivables	480	392
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,747	3,838
Non-Current Assets		
Investments	-	-
Receivables	21	18
Inventories	-	-
Infrastructure, property, plant and equipment	23,399	20,633
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	23,420	20,651
TOTAL ASSETS	27,167	24,489
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	114	44
Interest bearing liabilities	-	-
Provisions	-	79
Total Current Liabilities	114	123
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	114	123
NET ASSETS	27,053	24,366
EQUITY		
Retained earnings	11,902	12,143
Revaluation reserves	15,151	12,223
Council equity interest	27,053	24,366
Minority equity interest	-	-
TOTAL EQUITY	27,053	24,366

Cabonne Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	1,765	2,037
Investments	-	-
Receivables	1,883	1,660
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,648	3,697
Non-Current Assets		
Investments	-	-
Receivables	75	82
Inventories	-	-
Infrastructure, property, plant and equipment	32,033	30,952
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	32,108	31,034
TOTAL ASSETS	35,756	34,731
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	163	67
Interest bearing liabilities	72	67
Provisions	-	-
Total Current Liabilities	235	134
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	595	667
Provisions	-	146
Total Non-Current Liabilities	595	813
TOTAL LIABILITIES	830	947
NET ASSETS	34,926	33,784
EQUITY		
Retained earnings	20,963	20,326
Revaluation reserves	13,963	13,458
Council equity interest	34,926	33,784
Minority equity interest	-	-
TOTAL EQUITY	34,926	33,784

Cabonne Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

\$ '000	Quarry		Private Works	
	Category 2		Category 2	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
ASSETS				
Current Assets				
Cash and cash equivalents	642	-	-	969
Investments	-	-	-	-
Receivables	262	207	-	29
Inventories	150	320	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	1,054	527	-	998
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	20	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,265	1,576	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,265	1,596	-	-
TOTAL ASSETS	2,319	2,123	-	998
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	-	4
Interest bearing liabilities	730	897	-	-
Provisions	75	55	-	-
Total Current Liabilities	805	952	-	4
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
TOTAL LIABILITIES	805	952	-	4
NET ASSETS	1,514	1,171	-	994
EQUITY				
Retained earnings	1,514	1,171	-	994
Revaluation reserves	-	-	-	-
Council equity interest	1,514	1,171	-	994
Minority equity interest	-	-	-	-
TOTAL EQUITY	1,514	1,171	-	994

Cabonne Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies

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

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

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

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

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

Category 1

(where gross operating turnover is over \$2 million)

a. Cabonne Council – Agricultural Quarry

Supplies agricultural lime, limestone aggregates and readymixed concretel

Category 2

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

a. Cabonne Council Combined Water Supplies

Water supply operations servicing the towns of Molong, Yeoval and Cumnock, established as a combined special rate fund.

b. Cabonne Council Combined Sewerage Supplies

Sewerage reticulation and treatment operations servicing the towns of Molong, Eugowra, Canowindra, Cudal, Yeoval, Cumnock and Manildra. These are reported under two special rate funds:

- (i) *Cabonne Sewer Fund, servicing the towns of Molong, Canowindra and Eugowra, and*
- (ii) *Small Twon Sewer Fund, servicing the towns of Manildra, Cudal, Cumnock and Yeoval*

Monetary Amounts

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

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Employee Leave Entitlements

Water Fund & Sewer Fund leave liabilities are managed by Council's General Fund. Under this arrangement, Water Fund & Sewer Fund pay the discounted employees leave liability accruals (relating to each year) to General Fund and these are then paid by General Fund as and when employees take their leave. Accordingly, Water & Sewer Fund report no employee leave liabilities in their Balance Sheet at Year End, having fully extinguished the liability by their respective payments to General Fund each year.

(i) Taxation Equivalent Charges

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

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

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

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

Income Tax

An income tax equivalent has been applied on the profits of the business.

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

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

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

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

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

Cabonne Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

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

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

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.03% at 30/6/12.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2012

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	3,621
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	36,210
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(676,700)

2012 Surplus	(292,000)	2011 Surplus	(405,000)	2010 Surplus	20,300
		2011 Dividend	-	2010 Dividend	-

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

3. Required outcomes for 6 Criteria

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

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

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	693
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	58.36%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	22,415
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	646
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	396
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-2.00%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	95

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

Cabonne Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2012

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	7,764
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	77,640
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(493,000)

2012 Surplus	(29,000)	2011 Surplus	(260,000)	2010 Surplus	(204,000)
		2011 Dividend	-	2010 Dividend	-

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

3. Required outcomes for 4 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	1,401
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	29,641
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	839
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,292
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.47%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	678

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	2,094
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.00%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,688
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-1.12%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Cabonne Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2012

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-7.04%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		- 619 298
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(321)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	-

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

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

Report on the Financial Statements

We have audited the special purpose financial statements of Cabonne Council for the year ended 30 June 2012, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

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



Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Cabonne Council (Council) for the year ended 30 June 2012 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, the special purpose financial statements of Cabonne Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Division of Local Government or for any purpose other than for which the statements were prepared.


MORSE GROUP

237 Lords Place
Orange
Dated: 30 October 2012


J. O'MALLEY
PARTNER

Cabonne Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

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



Cabonne Council

Special Schedules

for the financial year ended 30 June 2012

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Cabonne Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	709	257	-	(452)
Administration	2,679	601	-	(2,078)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	745	(13)	282	(476)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	142	3	-	(139)
Other	-	-	-	-
Total Public Order & Safety	887	(10)	282	(615)
Health	399	72	-	(327)
Environment				
Noxious Plants and Insect/Vermin Control	1,488	1,267	-	(221)
Other Environmental Protection	95	31	94	30
Solid Waste Management	1,448	1,456	-	8
Street Cleaning	143	-	-	(143)
Drainage	23	74	-	51
Stormwater Management	-	-	-	-
Total Environment	3,197	2,828	94	(275)
Community Services and Education				
Administration & Education	171	17	-	(154)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	481	579	-	98
Children's Services	898	846	-	(52)
Total Community Services & Education	1,550	1,442	-	(108)
Housing and Community Amenities				
Public Cemeteries	144	49	-	(95)
Public Conveniences	113	-	-	(113)
Street Lighting	-	-	-	-
Town Planning	311	210	-	(101)
Other Community Amenities	4	1	-	(3)
Total Housing and Community Amenities	572	260	-	(312)
Water Supplies	1,219	869	96	(254)
Sewerage Services	1,625	1,522	678	575

Cabonne Council

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

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	228	49	2	(177)
Museums	113	19	-	(94)
Art Galleries	-	-	-	-
Community Centres and Halls	252	5	5	(242)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	16	1	-	(15)
Sporting Grounds and Venues	243	1	-	(242)
Swimming Pools	427	-	-	(427)
Parks & Gardens (Lakes)	331	9	-	(322)
Other Sport and Recreation	308	51	23	(234)
Total Recreation and Culture	1,918	135	30	(1,753)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	518	100	-	(418)
Other Mining, Manufacturing & Construction	1,742	2,069	-	327
Total Mining, Manufacturing and Const.	2,260	2,169	-	(91)
Transport and Communication				
Urban Roads (UR) - Local	6,341	2,673	188	(3,480)
Urban Roads - Regional	7,320	7,028	551	259
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	276	-	-	(276)
Bridges on SRR - Local	103	-	-	(103)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	226	226
Parking Areas	-	-	-	-
Footpaths	343	25	-	(318)
Aerodromes	-	-	-	-
Other Transport & Communication	490	149	23	(318)
Total Transport and Communication	14,873	9,875	988	(4,010)
Economic Affairs				
Camping Areas & Caravan Parks	282	136	-	(146)
Other Economic Affairs	835	541	-	(294)
Total Economic Affairs	1,117	677	-	(440)
Totals – Functions	33,005	20,697	2,168	(10,140)
General Purpose Revenues⁽²⁾		15,101		15,101
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	33,005	35,798	2,168	4,961

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Cabonne Council

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

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	65	664	729	-	65	-	-	51	69	595	664
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	65	664	729	-	65	-	-	51	69	595	664
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	6	18	24	-	6	-	-	1	6	12	18
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	6	18	24	-	6	-	-	1	6	12	18
Total Debt	71	682	753	-	71	-	-	52	75	607	682

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

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

Cabonne Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	(22)	116
b. Engineering and Supervision	-	77
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	196	-
b. Maintenance expenses	-	69
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	164	67
- Reservoirs		
e. Operation expenses	20	1
f. Maintenance expenses	27	35
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	24	17
i. Maintenance expenses	46	47
- Treatment		
j. Operation expenses (excluding chemical costs)	103	25
k. Chemical costs	14	17
l. Maintenance expenses	74	97
- Other		
m. Operation expenses	-	25
n. Maintenance expenses	-	21
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	449	456
b. Plant and equipment	66	77
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	53
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,161	1,200

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges		
a. Access (including rates)	284	238
b. Usage charges	398	236
7. Non-residential charges		
a. Access (including rates)	-	51
b. Usage charges	-	105
8. Extra charges		7
9. Interest income	176	124
10. Other income	3	9
11. Grants		
a. Grants for acquisition of assets	95	121
b. Grants for pensioner rebates	-	13
c. Other grants	8	13
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	72
13. Total income	<u>964</u>	<u>989</u>
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	<u>(197)</u>	<u>(211)</u>
15a. Operating Result (less grants for acquisition of assets)	(292)	(332)

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	392	-
b. New Assets for Growth	-	-
c. Renewals	-	-
d. Plant and equipment	4	406
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	396	406
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	960	952
b. Residential (unoccupied, ie. vacant lot)	68	70
c. Non-residential (occupied)	179	180
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 23,478	\$ 23,675

Cabonne Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>
* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.			
However, disclosure of cross-subsidies is not required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.			

Cabonne Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,267	-	3,267
31. Receivables			
a. Specific purpose grants	7	-	7
b. Rates and Availability Charges	6	21	27
c. Other (including User Charges)	467	-	467
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets		22,415	22,415
b. Plant and equipment		984	984
34. Other assets	-	-	-
35. Total assets	<u>3,747</u>	<u>23,420</u>	<u>27,167</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	114	-	114
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>114</u>	<u>-</u>	<u>114</u>
41. NET ASSETS COMMITTED	<u>3,633</u>	<u>23,420</u>	<u>27,053</u>
EQUITY			
42. Accumulated surplus			11,902
43. Asset revaluation reserve			15,151
44. TOTAL EQUITY			<u>27,053</u>
Note to system assets:			
45. Current replacement cost of system assets			40,636
46. Accumulated current cost depreciation of system assets			(18,221)
47. Written down current cost of system assets			<u>22,415</u>

Cabonne Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	-	39
b. Engineering and Supervision	-	59
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	9
b. Maintenance expenses	-	29
- Pumping Stations		
c. Operation expenses (excluding energy costs)	839	106
d. Energy costs	-	22
e. Maintenance expenses	-	36
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	127
g. Chemical costs	-	-
h. Energy costs	-	29
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	-	104
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	532	857
b. Plant and equipment	181	185
4. Miscellaneous expenses		
a. Interest expenses	-	57
b. Revaluation Decrements	-	-
c. Other expenses	-	113
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	1,552	1,772

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	1,267	1,125
7. Non-residential charges		
a. Access (including rates)	-	112
b. Usage charges	98	113
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	19
10. Interest income	122	105
11. Other income	19	22
12. Grants		
a. Grants for acquisition of assets	678	1,402
b. Grants for pensioner rebates	-	30
c. Other grants	17	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	10
14. Total income	<u>2,201</u>	<u>2,938</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>649</u>	<u>1,166</u>
16a. Operating Result (less grants for acquisition of assets)	(29)	(236)

Cabonne Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,263	2,395
c. Renewals	-	-
d. Plant and equipment	29	242
18. Repayment of debt		
a. Loans	72	49
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	1,364	2,686
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	2,067	2,058
b. Residential (unoccupied, ie. vacant lot)	191	189
c. Non-residential (occupied)	295	297
d. Non-residential (unoccupied, ie. vacant lot)	35	35
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 53,565	\$ 54,330

Cabonne Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

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

Cabonne Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,765	-	1,765
32. Receivables			
a. Specific purpose grants	1,064	-	1,064
b. Rates and Availability Charges	13	75	88
c. Other (including User Charges)	806	-	806
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	29,641	29,641
b. Plant and equipment	-	2,392	2,392
35. Other assets	-	-	-
36. Total Assets	<u>3,648</u>	<u>32,108</u>	<u>35,756</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	163	-	163
39. Borrowings			
a. Loans	72	595	667
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	<u>235</u>	<u>595</u>	<u>830</u>
42. NET ASSETS COMMITTED	<u>3,413</u>	<u>31,513</u>	<u>34,926</u>
EQUITY			
42. Accumulated surplus			20,963
44. Asset revaluation reserve			13,963
45. TOTAL EQUITY			<u>34,926</u>
Note to system assets:			
46. Current replacement cost of system assets			38,255
47. Accumulated current cost depreciation of system assets			(8,614)
48. Written down current cost of system assets			<u>29,641</u>

Cabonne Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2012

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Cabonne Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	37,966	35,656	33,622	34,436	35,476
Expenses from continuing operations	33,005	29,778	29,061	29,935	31,022
Operating Result from Continuing Operations	4,961	5,878	4,561	4,501	4,454
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	7,308	12,184	5,584	5,858	5,737
Replacement/Refurbishment of Existing Assets	5,548	9,573	4,388	4,602	4,507
Total Capital Budget	12,856	21,757	9,972	10,460	10,244
Funded by:					
– Loans	-	2,000	1,000	-	-
– Asset sales	1,226	800	750	750	750
– Reserves	4,166	11,557	822	2,310	2,094
– Grants/Contributions	7,464	7,150	7,100	7,100	7,100
– Recurrent revenue	-	250	300	300	300
– Other	-	-	-	-	-
	12,856	21,757	9,972	10,460	10,244

Notes:

(1) From 11/12 Income Statement.

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

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

(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.