

# Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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*“...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 2013

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### Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 17 September 2013. Council has the power to amend and reissue these financial statements.

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# Cabonne Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Understanding Council's Financial Statements

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### 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 2013.

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. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

#### 4. The Statement of Changes in Equity

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

### 5. The Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements ?

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

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

Council is required to forward an audited set of financial statements to the 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 General Purpose Financial Statements.

## Cabonne Council

### General Purpose Financial Statements for the financial year ended 30 June 2013

### 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 17 September 2013.**



Ian Gosper  
**MAYOR**



Lachlan MacSmith  
**COUNCILLOR**



Andrew L Hopkins  
**GENERAL MANAGER**



Stephen Harding  
**RESPONSIBLE ACCOUNTING OFFICER**

# Cabonne Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013 \$ '000		Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
11,136	Rates & Annual Charges	3a	11,827	11,148
3,534	User Charges & Fees	3b	9,982	11,045
1,451	Interest & Investment Revenue	3c	1,986	1,777
1,897	Other Revenues	3d	836	204
12,725	Grants & Contributions provided for Operating Purposes	3e,f	9,996	11,254
3,986	Grants & Contributions provided for Capital Purposes	3e,f	2,943	2,168
<b>Other Income:</b>				
-	Net gains from the disposal of assets	5	74	370
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>34,729</b>	<b>Total Income from Continuing Operations</b>		<b>37,644</b>	<b>37,966</b>
<b>Expenses from Continuing Operations</b>				
10,882	Employee Benefits & On-Costs	4a	11,652	12,062
234	Borrowing Costs	4b	187	113
8,585	Materials & Contracts	4c	4,811	7,412
8,955	Depreciation & Amortisation	4d	9,245	9,382
-	Impairment	4d	20	18
954	Other Expenses	4e	6,388	4,018
<b>29,610</b>	<b>Total Expenses from Continuing Operations</b>		<b>32,303</b>	<b>33,005</b>
<b>5,119</b>	<b>Operating Result from Continuing Operations</b>		<b>5,341</b>	<b>4,961</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>5,119</b>	<b>Net Operating Result for the Year</b>		<b>5,341</b>	<b>4,961</b>
5,119	Net Operating Result attributable to Council		5,341	4,961
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>1,133</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>2,398</b>	<b>2,793</b>

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

## Cabonne Council

### Statement of Comprehensive Income for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>5,341</b>	<b>4,961</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	1,221	12,804
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>1,221</b>	<b>12,804</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>1,221</b>	<b>12,804</b>
<b>Total Comprehensive Income for the Year</b>		<b>6,562</b>	<b>17,765</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>6,562</b>	<b>17,765</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

# Cabonne Council

## Statement of Financial Position as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	21,380	25,983
Investments	6b	18,592	10,330
Receivables	7	4,555	4,759
Inventories	8	1,252	1,193
Other	8	15	1
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>45,794</b>	<b>42,266</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	736	779
Inventories	8	162	162
Infrastructure, Property, Plant & Equipment	9	443,605	439,899
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	254	-
Other	8	281	262
<b>Total Non-Current Assets</b>		<b>445,038</b>	<b>441,102</b>
<b>TOTAL ASSETS</b>		<b>490,832</b>	<b>483,368</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	2,256	2,981
Borrowings	10	170	75
Provisions	10	3,596	4,313
<b>Total Current Liabilities</b>		<b>6,022</b>	<b>7,369</b>
<b>Non-Current Liabilities</b>			
Payables	10	14	-
Borrowings	10	2,892	607
Provisions	10	1,462	1,512
<b>Total Non-Current Liabilities</b>		<b>4,368</b>	<b>2,119</b>
<b>TOTAL LIABILITIES</b>		<b>10,390</b>	<b>9,488</b>
<b>Net Assets</b>		<b>480,442</b>	<b>473,880</b>
<b>EQUITY</b>			
Retained Earnings	20	286,874	281,533
Revaluation Reserves	20	193,568	192,347
Council Equity Interest		480,442	473,880
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>480,442</b>	<b>473,880</b>

## Cabonne Council

# Statement of Changes in Equity

for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		281,533	192,347	<b>473,880</b>	-	<b>473,880</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>281,533</b>	<b>192,347</b>	<b>473,880</b>	-	<b>473,880</b>
<b>c. Net Operating Result for the Year</b>		<b>5,341</b>	-	<b>5,341</b>	-	<b>5,341</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,221	<b>1,221</b>	-	<b>1,221</b>
- 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)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>1,221</b>	<b>1,221</b>	-	<b>1,221</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>5,341</b>	<b>1,221</b>	<b>6,562</b>	-	<b>6,562</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>286,874</b>	<b>193,568</b>	<b>480,442</b>	-	<b>480,442</b>

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



## Cabonne Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
11,136	Rates & Annual Charges		10,654	11,868
3,534	User Charges & Fees		11,644	9,106
1,451	Investment & Interest Revenue Received		1,774	1,884
16,711	Grants & Contributions		14,316	15,098
-	Bonds, Deposits & Retention amounts received		90	-
1,897	Other		1,339	2,010
<b>Payments:</b>				
(10,830)	Employee Benefits & On-Costs		(12,501)	(11,049)
(8,585)	Materials & Contracts		(6,086)	(9,460)
(234)	Borrowing Costs		(118)	(53)
-	Bonds, Deposits & Retention amounts refunded		(42)	(54)
(954)	Other		(8,090)	(5,223)
<b>14,126</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>12,980</b>	<b>14,127</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		301	1,450
-	Sale of Real Estate Assets		-	47
950	Sale of Infrastructure, Property, Plant & Equipment		619	1,179
-	Deferred Debtors Receipts		50	-
<b>Payments:</b>				
-	Purchase of Investment Securities		(8,500)	(10,000)
(23,274)	Purchase of Infrastructure, Property, Plant & Equipment		(12,365)	(12,955)
-	Purchase of Real Estate Assets		(68)	(1)
-	Deferred Debtors & Advances Made		-	(600)
<b>(22,324)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(19,963)</b>	<b>(20,880)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
-	Proceeds from Borrowings & Advances		2,455	-
<b>Payments:</b>				
(133)	Repayment of Borrowings & Advances		(75)	(71)
<b>(133)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>2,380</b>	<b>(71)</b>
<b>(8,331)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(4,603)</b>	<b>(6,824)</b>
27,779	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	25,983	32,807
<b>19,448</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>21,380</b>	<b>25,983</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	18,592	10,330
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>39,972</b>	<b>36,313</b>

Please refer to Note 11 for additional cash flow information

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

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## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

# Cabonne Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

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

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

#### (a) Basis of preparation

##### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

##### (iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 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 2012.

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.

# Cabonne Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

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

#### **(vii) Critical Accounting Estimates**

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on 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

# Cabonne Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

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

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

#### (c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2013) and (ii) all the related operating results (for the financial year ended the 30th June 2013).

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

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

#### (i) The Consolidated Fund

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

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

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

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

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

- *Acacia Lodge Management Committee*
- *Cudal Homes for Aged Persons Committee*
- *Eugowra Self Care Units Committee*
- *Age of Fishes Museum Committee*
- *Amusu Theatre Heritage Trust Inc*
- *Eugowra Community Children's Centre Committee*
- *Cudal Community Children's Centre Committee*
- *Canowindra Preschool Kindergarten Inc*
- *Canowindra Sports Trust*
- *Manildra Sports Council*
- *Cargo Community Centre Committee*
- *Cumnock Community Centre*
- *Manildra Memorial Hall Committee*
- *Yeoval Memorial Hall Committee*
- *Moorbel Hall Committee*
- *Cudal Memorial Pool Committee*
- *Cumnock Pool Committee*
- *Eugowra War Memorial Pool Committee*
- *Manildra Memorial Pool Committee*
- *Yeoval Pool Committee*
- *Eugowra Medical Centre Committee*
- *Molong & District Health Watch*
- *Doctor for Cudal Committee*
- *Eugowra Promotion and Progress Association Inc*
- *Cumnock & District Progress Association Inc*
- *Yeoval Progress Association*
- *Canowindra Beautification Committee*
- *Molong Town Beautification Committee*

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

<b>Total income</b>	
<b>from continuing operations</b>	\$1,329
<b>Total expenditure</b>	
<b>from continuing operations</b>	\$1,324
<b>Total net assets held (ie Equity)</b>	\$1,848

#### 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.



## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### Finance Leases

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

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

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

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

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

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

### Operating Leases

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

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

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

### (e) Cash and Cash Equivalents

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.

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

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

### (iii) Held-to-maturity investments

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

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

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

### (iv) Available-for-sale financial assets

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

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

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

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

### Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-

trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

### General Accounting & Measurement of Financial Instruments:

#### (i) Initial Recognition

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

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

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

#### (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.



## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

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

#### Impairment

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

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

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

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

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

#### (iii) Types of Investments

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

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

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

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

#### (g) Fair value estimation

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

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

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

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

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

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

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

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

##### (h) Receivables

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

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

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

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

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

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

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

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

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

##### (i) Inventories

###### Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

###### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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.

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

##### Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the 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**  
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**  
(a combination of External valuations and approximated by depreciated historical cost)
- **Other Structures**  
(a combination of External valuations and approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

##### Initial Recognition

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

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

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

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

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

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

the latest indices provided in the NSW Office of Water - Rates Reference Manual.

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

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

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

Council engaged a qualified valuer to undertake the revaluations of buildings in the year ended 30 June 2013. However the valuations did not meet Council's specifications, and accordingly the revaluation of buildings will be completed by 30 June 2014.

#### 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

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

#### Water & Sewer Assets

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

#### Other Infrastructure Assets

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

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

#### Disposal and De-recognition

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

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

#### (k) Land

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

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

#### (l) Land under roads

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

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

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

#### (m) Intangible Assets

Council has classified the following assets as intangible:

- The purchase of new corporate software

This purchase is recorded in Note 25.

#### (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.



## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

##### **(p) Investment property**

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

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

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

Full revaluations are carried out 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

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

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

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

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

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

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

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

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

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

A Discontinued Operation is a component of 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.

# Cabonne Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

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

#### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

#### (v) Borrowing costs

Borrowing costs are expensed.

#### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

#### (x) Employee benefits

##### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be 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.



## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

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

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

#### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

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

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

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

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

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

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

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.

#### 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.

# Cabonne Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

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

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

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

#### Exceptions

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

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

#### (aa) Taxes

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

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

#### Goods & Services Tax (GST)

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

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

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

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which 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 2013.

**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, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular 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

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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 although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

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

AASB 13 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;**

#### ***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting***

#### ***Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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

#### ***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)***

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

This suite of five new and amended standards 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.

***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)***

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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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 paragraph (x) (iii) and so these changes will not have an impact on its reported results.

#### Not applicable to Local Government per se;

**AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle** (effective 1 January 2013)

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

**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 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	188	162	257	800	915	709	(612)	(753)	(452)	-	-	33,169	34,454
Administration	156	760	601	1,838	2,223	2,679	(1,682)	(1,463)	(2,078)	13	216	14,616	25,296
Public Order & Safety	42	485	272	1,017	1,175	887	(975)	(690)	(615)	-	25	3,461	3,479
Health	135	75	72	644	456	399	(509)	(381)	(327)	-	19	3,464	3,673
Environment	3,695	2,970	2,922	3,537	2,984	3,197	158	(14)	(275)	1,250	1,306	1,936	1,195
Community Services & Education	1,381	1,381	1,442	1,505	1,495	1,550	(124)	(114)	(108)	713	1,245	2,331	2,148
Housing & Community Amenities	374	267	260	1,241	1,030	572	(867)	(763)	(312)	38	-	2,886	2,048
Water Supplies	875	936	965	1,170	1,332	1,219	(295)	(396)	(254)	13	7	27,685	27,167
Sewerage Services	3,721	2,430	2,200	1,886	1,991	1,625	1,835	439	575	777	16	40,563	35,756
Recreation & Culture	198	207	165	1,993	1,948	1,918	(1,795)	(1,741)	(1,753)	144	91	21,627	13,321
Mining, Manufacturing & Construction	564	1,773	2,169	444	1,650	2,260	120	123	(91)	-	-	2,067	2,319
Transport & Communication	6,845	10,682	10,863	12,102	13,992	14,873	(5,257)	(3,310)	(4,010)	2,380	2,811	332,057	328,929
Economic Affairs	455	675	677	1,433	1,112	1,117	(978)	(437)	(440)	7	126	4,970	3,583
<b>Total Functions &amp; Activities</b>	<b>18,629</b>	<b>22,803</b>	<b>22,865</b>	<b>29,610</b>	<b>32,303</b>	<b>33,005</b>	<b>(10,981)</b>	<b>(9,500)</b>	<b>(10,140)</b>	<b>5,335</b>	<b>5,862</b>	<b>490,832</b>	<b>483,368</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	16,100	14,841	15,101	-	-	-	16,100	14,841	15,101	4,303	5,391	-	-
<b>Operating Result from Continuing Operations</b>	<b>34,729</b>	<b>37,644</b>	<b>37,966</b>	<b>29,610</b>	<b>32,303</b>	<b>33,005</b>	<b>5,119</b>	<b>5,341</b>	<b>4,961</b>	<b>9,638</b>	<b>11,253</b>	<b>490,832</b>	<b>483,368</b>

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 2013

#### 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 2013

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		2,749	2,374
Farmland		4,285	4,495
Mining		1,719	1,408
Business		210	191
<b>Total Ordinary Rates</b>		<b>8,963</b>	<b>8,468</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		969	717
Water Supply Services		309	284
Sewerage Services		1,310	1,267
Waste Management Services (non-domestic)		202	333
Section 611 Charges		1	-
Stormwater Levy		73	74
Other		-	5
<b>Total Annual Charges</b>		<b>2,864</b>	<b>2,680</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>11,827</u></b>	<b><u>11,148</u></b>

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 2013

### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		461	391
Sewerage Services		74	79
<b>Total User Charges</b>		<b>535</b>	<b>470</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Discretionary Fees - Other		168	259
Planning & Building Regulation		266	273
Private Works - Section 67		454	325
Section 603 Certificates		19	14
Waste Management		120	106
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,027</b>	<b>977</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.608)			
Caravan Park		131	135
Cemeteries		60	49
Child Care		485	-
Lease Rentals		36	40
Quarry Revenues		1,561	2,022
Recycling Income (Non Domestic)		38	66
RMS (formerly RTA) Charges (State Roads not controlled by Council)		6,109	7,276
Trade Waste		-	10
<b>Total Fees &amp; Charges - Other</b>		<b>8,420</b>	<b>9,598</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>9,982</b>	<b>11,045</b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		67	85
- Interest earned on Investments (interest & coupon payment income)		1,856	1,644
- Interest & Dividend Income (Other)		-	11
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		63	37
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,986</u></b>	<b><u>1,777</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		67	62
General Council Cash & Investments		1,508	1,242
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		15	31
Water Fund Operations		138	176
Sewerage Fund Operations		183	122
Domestic Waste Management operations		41	47
Other Externally Restricted Assets		34	97
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>1,986</u></b>	<b><u>1,777</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		127	121
Legal Fees Recovery - Rates & Charges (Extra Charges)		6	9
Commissions & Agency Fees		139	37
Diesel Rebate		147	19
Gravel Pit Restoration		55	22
Insurance Claim Recoveries		87	25
Rebates Received		176	5
After School Care		17	-
Other		82	(34)
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>836</u></b>	<b><u>204</u></b>

# Cabonne Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,352	2,928	-	-
Financial Assistance - Local Roads Component	1,855	2,368	-	-
Pensioners' Rates Subsidies - General Component	96	95	-	-
<b>Total General Purpose</b>	<b>4,303</b>	<b>5,391</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	13	7	-	-
- Sewerage	28	16	-	-
- Domestic Waste Management	40	39	-	-
Water Supplies	-	-	-	83
Sewerage Services	-	-	749	650
Administration	13	12	-	-
Public Order & Safety	-	-	-	242
Environment	1,210	1,267	-	-
Community Services	713	1,176	-	-
Recreation & Culture	51	50	93	7
Transport & Communication	230	-	971	508
- Roads to Recovery	1,179	1,174	-	-
Economic Affairs	7	-	-	-
Street Lighting	38	37	-	-
Other	-	385	-	209
<b>Total Specific Purpose</b>	<b>3,522</b>	<b>4,163</b>	<b>1,813</b>	<b>1,699</b>
<b>Total Grants</b>	<b>7,825</b>	<b>9,554</b>	<b>1,813</b>	<b>1,699</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	5,522	7,815	-	-
- State Funding	2,303	1,739	1,813	1,699
	<b>7,825</b>	<b>9,554</b>	<b>1,813</b>	<b>1,699</b>

## Cabonne Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	36	86	-	-
<b>Total Developer Contributions</b>	<b>36</b>	<b>86</b>	<b>-</b>	<b>-</b>
<b>Other Contributions:</b>				
Governance	144	193	-	-
Administration	15	11	-	-
Public Order & Safety	277	25	184	-
Health	55	19	-	-
Environment	45	-	183	-
Community Services	100	69	-	-
Housing & Community Amenities	1	-	-	-
Recreation & Culture	12	41	-	23
Transport & Communication	102	102	671	-
- Regional Roads Block Grant	1,360	1,015	-	374
Economic Affairs	24	126	-	-
Sewer	-	-	78	28
Water	-	-	14	12
Other	-	13	-	32
<b>Total Other Contributions</b>	<b>2,135</b>	<b>1,614</b>	<b>1,130</b>	<b>469</b>
<b>Total Contributions</b>	<b>2,171</b>	<b>1,700</b>	<b>1,130</b>	<b>469</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>9,996</b>	<b>11,254</b>	<b>2,943</b>	<b>2,168</b>

\$ '000	Actual 2013	Actual 2012
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## (g) Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	7,469	5,360
add: Grants & contributions recognised in the current period but not yet spent:	3,551	5,694
less: Grants & contributions recognised in a previous reporting period now spent:	(5,951)	(3,585)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(2,400)</b>	<b>2,109</b>
<b>Unexpended and held as Restricted Assets</b>	<b>5,069</b>	<b>7,469</b>

### Comprising:

- Specific Purpose Unexpended Grants	3,135	5,408
- Developer Contributions	653	658
- Other Contributions	1,281	1,403
	<b>5,069</b>	<b>7,469</b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		8,515	8,454
Travelling		486	202
Employee Leave Entitlements (ELE)		1,134	2,153
Superannuation		1,154	1,343
Workers' Compensation Insurance		729	570
Fringe Benefit Tax (FBT)		65	35
Training Costs (other than Salaries & Wages)		149	189
Protective Clothing		53	45
Pre Employment Medicals		1	5
Other		92	44
<b>Total Employee Costs</b>		<b>12,378</b>	<b>13,040</b>
less: Capitalised Costs		(726)	(978)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>11,652</b>	<b>12,062</b>
Number of "Equivalent Full Time" Employees at year end		<b>173</b>	<b>185</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		121	51
Interest on Advances		1	1
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>122</b>	<b>52</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	65	61
<b>Total Other Borrowing Costs</b>		<b>65</b>	<b>61</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>187</b>	<b>113</b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		2,948	3,829
Contractor & Consultancy Costs			
- Service Contracts		1,352	2,897
- Consultancy Costs		23	147
- Caretaker Fees		61	62
- Licence Agreements		115	145
- Valuation Fees		71	76
- Cleaning		106	122
- Internal Auditor		2	12
Auditors Remuneration <sup>(1)</sup>		35	40
Legal Expenses:			
- Legal Expenses: Planning & Development		3	48
- Legal Expenses: Other		90	29
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		5	5
<b>Total Materials &amp; Contracts</b>		<b>4,811</b>	<b>7,412</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>4,811</b>	<b>7,412</b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		35	40
<b>Remuneration for audit and other assurance services</b>		<b>35</b>	<b>40</b>
<b>Total Auditor Remuneration</b>		<b>35</b>	<b>40</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		4	5
Other		1	-
		<b>5</b>	<b>5</b>



# Cabonne Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,399	2,446
Office Equipment		20	-	230	254
Furniture & Fittings		-	-	34	43
Land Improvements (depreciable)		-	-	139	136
Buildings - Non Specialised		-	-	6	6
Buildings - Specialised		-	-	725	747
Other Structures		-	-	277	268
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,293	4,402
- Stormwater Drainage		-	-	94	94
- Water Supply Network		-	18	447	456
- Sewerage Network		-	-	530	478
Asset Reinstatement Costs	9 & 26	-	-	52	52
Intangible Assets	25	-	-	19	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>20</b>	<b>18</b>	<b>9,245</b>	<b>9,382</b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		140	100
Bad & Doubtful Debts		15	15
Bank Charges		-	17
Commissions Paid		116	15
Contributions/Levies to Other Levels of Government		1,389	1,383
- NSW Fire Brigade Levy		34	-
- NSW Rural Fire Service Levy		205	187
Councillor Expenses - Mayoral Fee		21	21
Councillor Expenses - Councillors' Fees		117	118
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		74	64
Donations, Contributions & Assistance to other organisations (Section 356)		17	17
Election Expenses		72	-
Electricity & Heating		630	628
External Plant Hire		1,744	356
Insurance		612	419
Pensioner Rates Write Off		142	16
Postage		33	34
Printing & Stationery		141	88
Registrations		126	-
Rent Expense		8	16
Section 611 Charges		35	-
Service Subsidy Expense		13	14
Street Lighting		142	11
Subscriptions & Publications		75	37
Telephone & Communications		122	128
Valuation Fees		-	-
Volunteer Expenses		42	28
Water Rates		-	22
Water / Sewer Sampling		21	11
Other		302	273
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>6,388</u></b>	<b><u>4,018</u></b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		619	1,179
less: Carrying Amount of P&E Assets Sold / Written Off		(545)	(839)
<b>Net Gain/(Loss) on Disposal</b>		<b>74</b>	<b>340</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		-	47
less: Carrying Amount of Real Estate Assets Sold / Written Off		-	(17)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>30</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		301	1,450
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(301)	(1,450)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>74</u></b>	<b><u>370</u></b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		208	-	1,203	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,922	-	2,030	-
- Short Term Deposits		19,250	-	22,750	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>21,380</b>	<b>-</b>	<b>25,983</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		18,500	-	10,000	-
- CDO's		92	-	330	-
<b>Total Investments</b>		<b>18,592</b>	<b>-</b>	<b>10,330</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>39,972</b>	<b>-</b>	<b>36,313</b>	<b>-</b>

<sup>1</sup> 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:**

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<b>21,380</b>	<b>-</b>	<b>25,983</b>	<b>-</b>
<b>Investments</b>					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	92	-	330	-
b. "Held to Maturity"	6(b-ii)	18,500	-	10,000	-
<b>Investments</b>		<b>18,592</b>	<b>-</b>	<b>10,330</b>	<b>-</b>

## Cabonne Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6b. Investments (continued)

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	330	-	1,743	-
Revaluations (through the Income Statement)	63	-	37	-
Disposals (sales & redemptions)	(301)	-	(1,450)	-
<b>Balance at End of Year</b>	<b>92</b>	<b>-</b>	<b>330</b>	<b>-</b>
<b>Comprising:</b>				
- CDO's	92	-	330	-
<b>Total</b>	<b>92</b>	<b>-</b>	<b>330</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	10,000	-	-	-
Additions	8,500	-	10,000	-
<b>Balance at End of Year</b>	<b>18,500</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	21,000	-	-	-
- Other Long Term Financial Assets	(2,500)	-	10,000	-
<b>Total</b>	<b>18,500</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>39,972</b>	<b>-</b>	<b>36,313</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	13,238	-	13,902	-
Internal Restrictions (refer below)	24,631	-	17,412	-
Unrestricted	2,103	-	4,999	-
	<b>39,972</b>	<b>-</b>	<b>36,313</b>	<b>-</b>

2013 \$ '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)	-
<b>External Restrictions - Included in Liabilities</b>	<b>198</b>	<b>-</b>	<b>(173)</b>	<b>25</b>

##### External Restrictions - Other

Developer Contributions - General (D)	658	51	(56)	653
RMS (formerly RTA) Contributions (E)	1,403	1,012	(1,134)	1,281
Specific Purpose Unexpended Grants (F)	5,408	1,591	(682)	3,135
Water Supplies (G)	3,267	390	(356)	3,301
Sewerage Services (G)	1,765	2,904	(573)	4,096
Domestic Waste Management (G)	694	53	-	747
Other	509	36	(545)	-
<b>External Restrictions - Other</b>	<b>13,704</b>	<b>6,037</b>	<b>(3,346)</b>	<b>13,213</b>
<b>Total External Restrictions</b>	<b>13,902</b>	<b>6,037</b>	<b>(3,519)</b>	<b>13,238</b>

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

**B** Advances by Roads and Maritime Services (RMS) 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** RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

**F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

**G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.



## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,261	5,819	(4,418)	2,662
Infrastructure Replacement	1,226	1,735	(1,468)	1,493
Employees Leave Entitlement	1,537	241	-	1,778
Capital Works	8,862	5,307	(4,958)	9,211
Community Services	74	-	(28)	46
Environment	88	584	-	672
Housing	167	-	(10)	157
Land Development	301	-	(5)	296
Limestone Quarry	1,325	185	-	1,510
Office Equipment	1,291	860	(412)	1,739
Recreation & Culture	274	5	(92)	187
Roadworks	288	1,000	(164)	1,124
Sewerage	17	-	(2)	15
Waste Management	695	51	-	746
Cadia Contributions	-	546	-	546
Other	6	2,443	-	2,449
<b>Total Internal Restrictions</b>	<b>17,412</b>	<b>18,776</b>	<b>(11,557)</b>	<b>24,631</b>
<b>TOTAL RESTRICTIONS</b>	<b>31,314</b>	<b>24,813</b>	<b>(15,076)</b>	<b>37,869</b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,675	175	512	165
Interest & Extra Charges		142	-	144	-
User Charges & Fees		315	25	1,188	21
Accrued Revenues					
- Interest on Investments		166	-	15	-
- Other Income Accruals		1,136	-	1,582	-
Government Grants & Subsidies		471	-	1,169	-
Deferred Debtors		17	726	21	772
Loans to Non Profit Organisations		100	-	-	-
Amounts due from Other Councils		158	-	-	-
State Cover - Workers Compensation		-	-	19	-
NSW Rural Fire Service		317	-	9	-
Other Debtors		438	-	466	11
<b>Total</b>		<b>4,935</b>	<b>926</b>	<b>5,125</b>	<b>969</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		-	(172)	-	(172)
User Charges & Fees		(380)	(18)	(366)	(18)
<b>Total Provision for Impairment - Receivables</b>		<b>(380)</b>	<b>(190)</b>	<b>(366)</b>	<b>(190)</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>4,555</u></b>	<b><u>736</u></b>	<b><u>4,759</u></b>	<b><u>779</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		1	-	7	-
- Rates & Availability Charges		181	8	6	21
- Other		355	17	467	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		341	-	1,064	-
- Rates & Availability Charges		810	-	13	75
- Other		637	89	806	-
<b>Domestic Waste Management</b>		-	-	8	-
<b>Total External Restrictions</b>		<b>2,325</b>	<b>114</b>	<b>2,371</b>	<b>96</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>2,230</b>	<b>622</b>	<b>2,388</b>	<b>683</b>
<b>TOTAL NET RECEIVABLES</b>		<b>4,555</b>	<b>736</b>	<b>4,759</b>	<b>779</b>

#### 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 10.00% (2012 11.00%).  
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 2013

## Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		915	162	847	162
Stores & Materials		337	-	346	-
<b>Total Inventories</b>		<b>1,252</b>	<b>162</b>	<b>1,193</b>	<b>162</b>
<b>Other Assets</b>					
Prepayments		15	-	1	-
Shares in Unlisted Companies - StateCover		-	281	-	262
<b>Total Other Assets</b>		<b>15</b>	<b>281</b>	<b>1</b>	<b>262</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,267</b>	<b>443</b>	<b>1,194</b>	<b>424</b>

### Externally Restricted Assets

There are no restrictions applicable to the above assets.

### Other Disclosures

#### (a) Details for Real Estate Development

Residential	794	107	727	107
Industrial/Commercial	121	55	120	55
<b>Total Real Estate for Resale</b>	<b>915</b>	<b>162</b>	<b>847</b>	<b>162</b>

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

#### Represented by:

Acquisition Costs	413	118	413	118
Development Costs	502	44	434	44
<b>Total Costs</b>	<b>915</b>	<b>162</b>	<b>847</b>	<b>162</b>
<b>Total Real Estate for Resale</b>	<b>915</b>	<b>162</b>	<b>847</b>	<b>162</b>

#### Movements:

Real Estate assets at beginning of the year	847	162	863	162
- Purchases and other costs	68	-	1	-
- WDV of Sales (exp)	-	-	(17)	-
<b>Total Real Estate for Resale</b>	<b>915</b>	<b>162</b>	<b>847</b>	<b>162</b>

#### (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	900	505
	<b>900</b>	<b>505</b>

Notes to the Financial Statements  
for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period								as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	Adjustments & Transfers	Tfrs to Intangible Assets (Note 25)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment												Dep'n	Impairment	
Capital Work in Progress	968	-	-	-	968	893	-	-	-	-	(180)	-	-	1,681	-	-	-	1,681
Plant & Equipment	-	38,361	22,514	-	15,847	1,740	-	(539)	(2,399)	-	-	-	-	-	38,769	24,120	-	14,649
Office Equipment	-	2,605	1,885	-	720	193	-	(6)	(230)	(20)	180	(254)	-	-	2,674	2,092	-	582
Furniture & Fittings	-	722	512	-	210	75	-	-	(34)	-	-	-	-	-	797	547	-	250
Land:																		
- Operational Land	-	4,845	-	-	4,845	239	-	-	-	-	-	-	-	-	5,084	-	-	5,084
- Community Land	-	10,447	-	-	10,447	-	-	-	-	-	-	-	-	-	10,447	-	-	10,447
Land Improvements - non depreciable	-	1,071	-	-	1,071	-	-	-	-	-	-	-	-	-	1,071	-	-	1,071
Land Improvements - depreciable	-	3,650	1,989	-	1,661	392	-	-	(139)	-	-	-	-	-	4,043	2,127	-	1,916
Buildings - Non Specialised	-	340	39	-	301	-	-	-	(6)	-	-	-	-	-	340	45	-	295
Buildings - Specialised	-	39,589	19,097	-	20,492	329	-	-	(725)	-	-	-	-	-	39,918	19,822	-	20,096
Other Structures	-	10,121	4,991	-	5,130	898	-	-	(277)	-	-	-	-	-	11,019	5,268	-	5,751
Infrastructure:																		
- Roads, Bridges, Footpaths	-	254,351	94,289	352	159,710	5,082	352	-	(4,293)	-	-	-	-	-	259,433	98,582	-	160,851
- Bulk Earthworks (non-depreciable)	-	164,075	-	-	164,075	1,640	-	-	-	-	-	-	-	-	165,715	-	-	165,715
- Stormwater Drainage	-	7,207	2,199	-	5,008	16	-	-	(94)	-	-	-	-	-	7,222	2,292	-	4,930
- Water Supply Network	-	40,654	18,475	-	22,179	44	-	-	(447)	-	-	-	544	-	41,715	19,395	-	22,320
- Sewerage Network	-	34,965	8,001	-	26,964	637	-	-	(530)	-	-	-	677	-	36,493	8,745	-	27,748
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																		
- Tip Asset	-	287	276	-	11	-	-	-	(1)	-	-	-	-	-	288	278	-	10
- Quarry Asset	-	657	397	-	260	-	-	-	(51)	-	-	-	-	-	656	447	-	209
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>968</b>	<b>613,947</b>	<b>174,664</b>	<b>352</b>	<b>439,899</b>	<b>12,178</b>	<b>352</b>	<b>(545)</b>	<b>(9,226)</b>	<b>(20)</b>	<b>-</b>	<b>(254)</b>	<b>1,221</b>	<b>1,681</b>	<b>625,684</b>	<b>183,760</b>	<b>-</b>	<b>443,605</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$6,608,532.00) and New Assets (\$5,656,775.00). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Cabonne Council

# Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	3,248	2,316	<b>932</b>	-	3,234	2,250	<b>984</b>
Land								
- Operational Land	-	190	-	<b>190</b>	-	141	-	<b>141</b>
- Community Land	-	268	-	<b>268</b>	-	268	-	<b>268</b>
- Improvements - depreciable	-	28	4	<b>24</b>	-	28	4	<b>24</b>
Other Structures	-	239	61	<b>178</b>	-	-	-	<b>-</b>
Infrastructure	-	41,250	19,124	<b>22,126</b>	-	40,199	18,217	<b>21,982</b>
<b>Total Water Supply</b>	<b>-</b>	<b>45,223</b>	<b>21,505</b>	<b>23,718</b>	<b>-</b>	<b>43,870</b>	<b>20,471</b>	<b>23,399</b>
<b>Sewerage Services</b>								
WIP	1,681	-	-	<b>1,681</b>	-	789	-	<b>789</b>
Plant & Equipment	-	5,981	3,757	<b>2,224</b>	-	5,967	3,575	<b>2,392</b>
Land								
- Operational Land	-	254	-	<b>254</b>	-	254	-	<b>254</b>
- Community Land	-	64	-	<b>64</b>	-	64	-	<b>64</b>
- Improvements non-depreciable	-	999	-	<b>999</b>	-	999	-	<b>999</b>
- Improvements - depreciable	-	977	637	<b>340</b>	-	977	589	<b>388</b>
Buildings	-	200	29	<b>171</b>	-	200	24	<b>176</b>
Other Structures	-	15	2	<b>13</b>	-	7	-	<b>7</b>
Infrastructure	-	36,494	8,744	<b>27,750</b>	-	34,965	8,001	<b>26,964</b>
<b>Total Sewerage Services</b>	<b>1,681</b>	<b>44,984</b>	<b>13,169</b>	<b>33,496</b>	<b>-</b>	<b>44,222</b>	<b>12,189</b>	<b>32,033</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	301	177	<b>124</b>	-	301	149	<b>152</b>
Office Equipment	-	46	1	<b>45</b>	-	-	-	<b>-</b>
Land								
- Operational Land'	-	95	-	<b>95</b>	-	245	-	<b>245</b>
- Community Land	-	435	-	<b>435</b>	-	-	-	<b>-</b>
- Improvements - depreciable	-	240	57	<b>183</b>	-	240	46	<b>194</b>
Buildings	-	7	-	<b>7</b>	-	7	-	<b>7</b>
Other Assets	-	455	161	<b>294</b>	-	455	141	<b>314</b>
<b>Total DWM</b>	<b>-</b>	<b>1,579</b>	<b>396</b>	<b>1,183</b>	<b>-</b>	<b>1,248</b>	<b>336</b>	<b>912</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>1,681</b>	<b>91,786</b>	<b>35,070</b>	<b>58,397</b>	<b>-</b>	<b>89,340</b>	<b>32,996</b>	<b>56,344</b>

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Impairment Losses recognised in the Income Statement</b>			
Other Assets impaired at 30/06/2011		(20)	(18)
<b>Total Impairment Losses</b>		<b>(20)</b>	<b>(18)</b>
<b>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</b>	4(d)	<b>(20)</b>	<b>(18)</b>

Refer to Note 9(a) for Impairment Restoration Works totalling \$352K 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 2013

### Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		1,097	-	1,830	-
Payments Received In Advance		248	-	206	-
Accrued Expenses:					
- Borrowings		8	-	4	-
- Salaries & Wages		231	-	175	-
- Other Expenditure Accruals		312	-	270	-
Security Bonds, Deposits & Retentions		316	14	282	-
ATO - Net GST Payable		25	-	183	-
Other		19	-	31	-
<b>Total Payables</b>		<b>2,256</b>	<b>14</b>	<b>2,981</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		167	2,884	69	595
Government Advances		3	8	6	12
<b>Total Borrowings</b>		<b>170</b>	<b>2,892</b>	<b>75</b>	<b>607</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		1,076	-	991	-
Long Service Leave		2,520	-	3,322	115
<b>Sub Total - Aggregate Employee Benefits</b>		<b>3,596</b>	<b>-</b>	<b>4,313</b>	<b>115</b>
Asset Remediation/Restoration (Future Works)	26	-	1,462	-	1,397
<b>Total Provisions</b>		<b>3,596</b>	<b>1,462</b>	<b>4,313</b>	<b>1,512</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>6,022</b>	<b>4,368</b>	<b>7,369</b>	<b>2,119</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2013		2012	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		137	-	114	-
Sewer		536	2,884	235	595
Other		-	-	173	-
<b>Liabilities relating to externally restricted assets</b>		<b>673</b>	<b>2,884</b>	<b>522</b>	<b>595</b>
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		<b>673</b>	<b>2,884</b>	<b>522</b>	<b>595</b>
<b>Total Liabilities relating to Unrestricted Assets</b>		<b>5,349</b>	<b>1,484</b>	<b>6,847</b>	<b>1,524</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>6,022</b>	<b>4,368</b>	<b>7,369</b>	<b>2,119</b>

<sup>1</sup> 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 2013

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

	Actual 2013	Actual 2012
\$ '000		

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

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

Provisions - Employees Benefits	2,520	3,332
	<b>2,520</b>	<b>3,332</b>

#### Note 10b. Description of and movements in Provisions

Class of Provision	2012	2013				Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	991	699	(769)	155	-	<b>1,076</b>
Long Service Leave	3,437	(385)	(756)	224	-	<b>2,520</b>
Asset Remediation	1,397	65	-	-	-	<b>1,462</b>
<b>TOTAL</b>	<b>5,825</b>	<b>379</b>	<b>(1,525)</b>	<b>379</b>	<b>-</b>	<b>5,058</b>

- Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	21,380	25,983
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>21,380</b>	<b>25,983</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>5,341</b>	<b>4,961</b>
Adjust for non cash items:			
Depreciation & Amortisation		9,245	9,382
Net Losses/(Gains) on Disposal of Assets		(74)	(370)
Non Cash Capital Grants and Contributions		(184)	(242)
Impairment Losses Recognition - I,PP&E		20	18
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(63)	(37)
Unwinding of Discount Rates on Reinstatement Provisions		65	61
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		183	318
Increase/(Decrease) in Provision for Doubtful Debts		14	8
Decrease/(Increase) in Inventories		9	176
Decrease/(Increase) in Other Assets		(33)	(2)
Increase/(Decrease) in Payables		(733)	(1,714)
Increase/(Decrease) in accrued Interest Payable		4	(1)
Increase/(Decrease) in other accrued Expenses Payable		98	445
Increase/(Decrease) in Other Liabilities		(80)	229
Increase/(Decrease) in Employee Leave Entitlements		(832)	895
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>12,980</b>	<b>14,127</b>

# Cabonne Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Bushfire Grants		184	242
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>184</b>	<b>242</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		450	450
Credit Cards / Purchase Cards		25	15
<b>Total Financing Arrangements</b>		<b>475</b>	<b>465</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		3	-
<b>Total Financing Arrangements Utilised</b>		<b>3</b>	<b>-</b>

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 2013

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		15	-
Plant & Equipment		71	220
Sewer		2,704	-
Water		49	-
Roads Bridges & Footpaths		715	-
Other Structures		962	-
<b>Investment Property</b>			
- Land		18	-
<b>Total Commitments</b>		<b>4,534</b>	<b>220</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		4,534	220
<b>Total Payable</b>		<b>4,534</b>	<b>220</b>
<b>Sources for Funding of Capital Commitments:</b>			
Future Grants & Contributions		1,662	-
Internally Restricted Reserves		1,829	220
Unexpended Loans		1,043	-
<b>Total Sources of Funding</b>		<b>4,534</b>	<b>220</b>

#### (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	2	3
Later than one year and not later than 5 years	-	2
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>2</b>	<b>5</b>

##### 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.

# Cabonne Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	29,331	10.37 : 1	7.25	5.74
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	2,829			
2. Debt Service Ratio				
Debt Service Cost	197	0.68%	0.41%	0.63%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	29,008			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	11,827	31.42%	29.36%	29.80%
Income from Continuing Operations	37,644			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	1,820	14.50%	5.18%	10.76%
Rates, Annual & Extra Charges Collectible	12,549			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup>	6,609	108.43%	89.47%	118.82%
Depreciation, Amortisation & Impairment	6,095			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).

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

<sup>(4)</sup> 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 2013

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

<p><b>1. Unrestricted Current Ratio</b></p> <table><tr><th>Year</th><th>Ratio : 1</th></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><tr><td>2013</td><td>10.37</td></tr></table>	Year	Ratio : 1	2010	7.41	2011	5.74	2012	7.25	2013	10.37	<p><b>Purpose of Unrestricted Current Ratio</b></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><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio    10.37 : 1</b></p> <p>The increase in the Unrestricted Current Ratio shows that Council continues to be in a strong and robust financial position, able to satisfy all obligations of Council's activities as they fall due.</p>
Year	Ratio : 1											
2010	7.41											
2011	5.74											
2012	7.25											
2013	10.37											
<p><b>2. Debt Service Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>0.68%</td></tr></table>	Year	Ratio %	2010	0.74%	2011	0.63%	2012	0.41%	2013	0.68%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio    0.68%</b></p> <p>Council has recently taken out a loan for a sewerage scheme, however the Debt Service Ratio still shows that Council is well with in it's capacity to be able to ensure all interst and pricipal obligations are met, currently and well into the future.</p>
Year	Ratio %											
2010	0.74%											
2011	0.63%											
2012	0.41%											
2013	0.68%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>31.42%</td></tr></table>	Year	Ratio %	2010	30.52%	2011	29.80%	2012	29.36%	2013	31.42%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></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><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio    31.42%</b></p> <p>Whilst the Rates &amp; Annual Charges Coverage Ratio has increased slightly since last year, it is well with in industry standard and comparable to other Regional Council's with similar characteristics.</p>
Year	Ratio %											
2010	30.52%											
2011	29.80%											
2012	29.36%											
2013	31.42%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>14.50%</td></tr></table>	Year	Ratio %	2010	10.92%	2011	10.76%	2012	5.18%	2013	14.50%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio    14.50%</b></p> <p>This ratio has increased since last year due to a corporate software system change. It should be noted that water and sewer notices that were levied on the 30th June 2013 were outstanding, however ratepayers did not have the opportunity to pay these outstanding accounts.</p>
Year	Ratio %											
2010	10.92%											
2011	10.76%											
2012	5.18%											
2013	14.50%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table><tr><th>Year</th><th>Ratio %</th></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><tr><td>2013</td><td>108.43%</td></tr></table>	Year	Ratio %	2010	124.57%	2011	118.82%	2012	89.47%	2013	108.43%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio    108.43%</b></p> <p>A very pleasing result for Council. This ratio shows that Council is spending in excess of the requirements by the department for renewal of assets.</p>
Year	Ratio %											
2010	124.57%											
2011	118.82%											
2012	89.47%											
2013	108.43%											



# Cabonne Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>28.01 : 1</b>	<b>10.98 : 1</b>	<b>10.37 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	32.87 : 1	15.52 : 1	7.25 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>0.21%</b>	<b>14.90%</b>	<b>-0.17%</b>
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period: 0.00%	4.73%	0.18%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>32.98%</b>	<b>53.89%</b>	<b>29.78%</b>
Income from Continuing Operations			
prior period:	29.49%	57.56%	27.58%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>59.62%</b>	<b>60.72%</b>	<b>7.53%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	9.51%	6.95%	4.86%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>1.12%</b>	<b>0.75%</b>	<b>128.96%</b>
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	105.70%

#### Notes

<sup>(1)</sup> 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 2013

#### 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	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	21,380	25,983	18,880	35,983
Investments				
- "Held for Trading"	92	330	92	330
- "Held to Maturity"	18,500	10,000	21,000	-
Receivables	5,291	5,538	5,292	5,538
Other Financial Assets	281	262	281	262
<b>Total Financial Assets</b>	<b>45,544</b>	<b>42,113</b>	<b>45,545</b>	<b>42,113</b>
<b>Financial Liabilities</b>				
Payables	2,022	2,775	2,022	2,775
Loans / Advances	3,062	682	3,062	681
<b>Total Financial Liabilities</b>	<b>5,084</b>	<b>3,457</b>	<b>5,084</b>	<b>3,456</b>

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 2013

#### 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:

2013	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	92	-	-	92
<b>Total Financial Assets</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>92</b>
2012	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	330	-	-	330
<b>Total Financial Assets</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>330</b>

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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
<b>2013</b>				
Possible impact of a 10% movement in Market Values	-	9	-	(9)
Possible impact of a 1% movement in Interest Rates	124	124	(124)	(124)
<b>2012</b>				
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)

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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:

	2013 Rates & Annual Charges	2013 Other Receivables	2012 Rates & Annual Charges	2012 Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	991	(992)	-	4,624
Past due by up to 30 days	684	4,252	512	21
Past due between 31 and 180 days	175	25	165	-
Past due by more than 1 year	-	726	-	772
	<b>1,850</b>	<b>4,011</b>	<b>677</b>	<b>5,417</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2013	2012
Balance at the beginning of the year			556	548
+ new provisions recognised during the year			29	23
- amounts already provided for & written off this year			(15)	(15)
<b>Balance at the end of the year</b>			<b>570</b>	<b>556</b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### 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		
2013									
Trade/Other Payables	330	1,692	-	-	-	-	-	2,022	2,022
Loans & Advances	-	351	351	351	350	337	2,560	4,300	3,062
Total Financial Liabilities	330	2,043	351	351	350	337	2,560	6,322	5,084
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

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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,022	0.0%	2,775	0.0%
Loans & Advances - Fixed Interest Rate	3,062	6.8%	682	6.9%
	<u>5,084</u>		<u>3,457</u>	

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 16 July 2013.

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	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>11,136</b>	<b>11,827</b>	<b>691</b>	<b>6% F</b>
This favourable result for rates and annual charges was due to a miscalculation in the original budget estimates.				
<b>User Charges &amp; Fees</b>	<b>3,534</b>	<b>9,982</b>	<b>6,448</b>	<b>182% F</b>
The favourable result is due to a reclassification of some Other Revenues to User Charges and Fees. Addition funding of \$3m was received from Roads & Maritime Services for Ordered Works				
<b>Interest &amp; Investment Revenue</b>	<b>1,451</b>	<b>1,986</b>	<b>535</b>	<b>37% F</b>
This favourable result was due to the fact that at the time of preparing the Annual budget, a lower interest rate was projected. There was also an increase in Council's overall cash held available for investment.				
<b>Other Revenues</b>	<b>1,897</b>	<b>836</b>	<b>(1,061)</b>	<b>(56%) U</b>
The decrease in other revenues is due to a reclassification of some revenues to User Charges and Fees.				
<b>Operating Grants &amp; Contributions</b>	<b>12,725</b>	<b>9,996</b>	<b>(2,729)</b>	<b>(21%) U</b>
Estimated income from Grants and Contributions were not received as anticipated by Council.				
<b>Capital Grants &amp; Contributions</b>	<b>3,986</b>	<b>2,943</b>	<b>(1,043)</b>	<b>(26%) U</b>
The Small Town Sewerage Scheme encountered additional delays in construction, therefore grant funding was not received by Council this financial year.				
<b>Net Gains from Disposal of Assets</b>	<b>-</b>	<b>74</b>	<b>74</b>	<b>0% F</b>



## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>10,882</b>	<b>11,652</b>	<b>(770)</b>	<b>(7%) U</b>
<b>Borrowing Costs</b>	<b>234</b>	<b>187</b>	<b>47</b>	<b>20% F</b>
This favourable result is due to Council not having to borrow additional funds for the Small Town Sewerage Scheme, resulting in a reduction in borrowing costs.				
<b>Materials &amp; Contracts</b>	<b>8,585</b>	<b>4,811</b>	<b>3,774</b>	<b>44% F</b>
Due to the introduction of Council's new corporate software system, reclassification of items between Material and Contracts and Other Expenses has resulted in this budget variance.				
<b>Depreciation &amp; Amortisation</b>	<b>8,955</b>	<b>9,245</b>	<b>(290)</b>	<b>(3%) U</b>
<b>Impairment Expenses</b>	<b>-</b>	<b>20</b>	<b>(20)</b>	<b>0% U</b>
<b>Other Expenses</b>	<b>954</b>	<b>6,388</b>	<b>(5,434)</b>	<b>(570%) U</b>
Due to the introduction of Council's new corporate software system, reclassification of items between Material and Contracts and Other Expenses has resulted in this budget variance.				
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>14,126</b>	<b>12,980</b>	<b>(1,146)</b>	<b>(8.1%) U</b>
<b>Cash Flows from Investing Activities</b>	<b>(22,324)</b>	<b>(19,963)</b>	<b>2,361</b>	<b>(10.6%) F</b>
<b>Cash Flows from Financing Activities</b>	<b>(133)</b>	<b>2,380</b>	<b>2,513</b>	<b>(1889.5%) F</b>

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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	433	26	-	10	-	-	469	22	(21)	470	-
Other	225	10	-	5	(56)	-	184	5	(1)	188	-
<b>S94 Contributions - under a Plan</b>	<b>658</b>	<b>36</b>	<b>-</b>	<b>15</b>	<b>(56)</b>	<b>-</b>	<b>653</b>	<b>27</b>	<b>(22)</b>	<b>658</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>658</b>	<b>36</b>	<b>-</b>	<b>15</b>	<b>(56)</b>	<b>-</b>	<b>653</b>				<b>-</b>
<b>Total Contributions</b>	<b>658</b>	<b>36</b>	<b>-</b>	<b>15</b>	<b>(56)</b>	<b>-</b>	<b>653</b>	<b>27</b>	<b>(22)</b>	<b>658</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2013

## 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	23	2	-	1	-	-	26	2	(1)	27	-
<b>Total</b>	<b>23</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>2</b>	<b>(1)</b>	<b>27</b>	<b>-</b>

#### 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	410	24	-	9	-	-	443	20	(20)	443	-
<b>Total</b>	<b>410</b>	<b>24</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>443</b>	<b>20</b>	<b>(20)</b>	<b>443</b>	<b>-</b>

### S94 CONTRIBUTIONS - UNDER A PLAN

#### 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	225	10	-	5	(56)	-	184	5	(1)	188	-
<b>Total</b>	<b>225</b>	<b>10</b>	<b>-</b>	<b>5</b>	<b>(56)</b>	<b>-</b>	<b>184</b>	<b>5</b>	<b>(1)</b>	<b>188</b>	<b>-</b>

## Cabonne Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

# Cabonne Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### 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 2013

### 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.

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 2013

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

\$ '000

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

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

##### (a) 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	2013	2013
		Net Profit	Net Assets
Central West Co-Operative Public library	Library Services to member Councils	(4)	118
Strategic Alliance Wellington, Blayney & Cabonne Council:	Investigation & provision of Economies of scale opportunities for Member Councils		
Southern Phone Company	Telecommunications		



## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		281,533	276,572
a. Net Operating Result for the Year		5,341	4,961
<b>Balance at End of the Reporting Period</b>		<b>286,874</b>	<b>281,533</b>

#### (b) Reserves

##### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	193,568	192,347
<b>Total</b>	<b>193,568</b>	<b>192,347</b>

##### (ii) Reconciliation of movements in Reserves:

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		192,347	179,543
- Revaluations for the year	9(a)	1,221	12,804
<b>- Balance at End of Year</b>		<b>193,568</b>	<b>192,347</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>193,568</b>	<b>192,347</b>

##### (iii) Nature & Purpose of Reserves

###### **Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

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

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

#### (d) Voluntary Changes in Accounting Policies

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

# Cabonne Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	309	1,310	10,208
User Charges & Fees	459	75	9,448
Interest & Investment Revenue	138	183	1,665
Other Revenues	4	8	824
Grants & Contributions provided for Operating Purposes	13	28	9,955
Grants & Contributions provided for Capital Purposes	14	827	2,102
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	74
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>937</b>	<b>2,431</b>	<b>34,276</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	156	215	11,281
Borrowing Costs	-	121	66
Materials & Contracts	570	754	3,487
Depreciation & Amortisation	511	764	7,970
Impairment	-	-	20
Other Expenses	81	137	6,170
Interest & Investment Losses	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>1,318</b>	<b>1,991</b>	<b>28,994</b>
<b>Operating Result from Continuing Operations</b>	<b>(381)</b>	<b>440</b>	<b>5,282</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>(381)</b>	<b>440</b>	<b>5,282</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(381)</b>	<b>440</b>	<b>5,282</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(395)</b>	<b>(387)</b>	<b>3,180</b>

<sup>1</sup> 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 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	3,300	4,095	13,985
Investments	-	-	18,592
Receivables	538	1,788	2,229
Inventories	-	-	1,252
Other	-	-	15
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>3,838</b>	<b>5,883</b>	<b>36,073</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	25	90	621
Inventories	-	-	162
Infrastructure, Property, Plant & Equipment	23,718	33,496	386,391
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	254
Other	-	-	281
<b>Total Non-Current Assets</b>	<b>23,743</b>	<b>33,586</b>	<b>387,709</b>
<b>TOTAL ASSETS</b>	<b>27,581</b>	<b>39,469</b>	<b>423,782</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	137	369	1,750
Borrowings	-	167	3
Provisions	-	-	3,596
<b>Total Current Liabilities</b>	<b>137</b>	<b>536</b>	<b>5,349</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	14
Borrowings	-	2,884	8
Provisions	-	-	1,462
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>2,884</b>	<b>1,484</b>
<b>TOTAL LIABILITIES</b>	<b>137</b>	<b>3,420</b>	<b>6,833</b>
<b>Net Assets</b>	<b>27,444</b>	<b>36,049</b>	<b>416,949</b>
<b>EQUITY</b>			
Retained Earnings	11,521	21,403	253,950
Revaluation Reserves	15,923	14,646	162,999
<b>Total Equity</b>	<b>27,444</b>	<b>36,049</b>	<b>416,949</b>

<sup>1</sup> 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 &amp; payables between the Funds.

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

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\$ '000

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

#### Note 23. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 17/09/13.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

#### Note 24. Discontinued Operations

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

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 25. Intangible Assets

\$ '000

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

	Actual 2013 Carrying Amount	Actual 2012 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7/12)	-	-
Accumulated Amortisation (1/7/12)	-	-
Accumulated Impairment (1/7/12)	-	-
<b>Net Book Value - Opening Balance</b>	<b>-</b>	<b>-</b>
<b>Movements for the year</b>		
- Purchases	273	-
- Amortisation charges	(19)	-
<b>Closing Values:</b>		
Gross Book Value (30/6/13)	286	-
Accumulated Amortisation (30/6/13)	(32)	-
Accumulated Impairment (30/6/13)	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE <sup>1</sup></u></b>	<b><u>254</u></b>	<b><u>-</u></b>

<sup>1</sup>. The Net Book Value of Intangible Assets represent:

- Software	254	-
	<b>254</b>	<b>-</b>

## Cabonne Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Tip Operations	2016	353	350
Quarry Operations	2039	1,109	1,047
<b>Balance at End of the Reporting Period</b>	10(a)	<b>1,462</b>	<b>1,397</b>

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	1,397	1,336
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	65	61
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>1,462</b>	<b>1,397</b>

#### 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 2013

#### Note 27. Financial Review

\$ '000

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

<b>Financial Performance Figures</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>11,827</b>	11,148	10,649	10,302	9,721
User Charges Revenue	<b>9,982</b>	11,045	6,794	6,594	7,842
Interest & Investment Revenue (Losses)	<b>1,986</b>	1,777	1,825	1,640	1,755
Grants Income - Operating & Capital	<b>9,638</b>	11,253	11,983	8,963	11,089
Total Income from Continuing Operations	<b>37,644</b>	37,966	35,739	32,901	35,121
Sale Proceeds from I,PP&E	<b>619</b>	1,226	1,202	1,222	1,144
New Loan Borrowings & Advances	<b>2,455</b>	-	-	-	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>11,652</b>	12,062	10,696	10,652	10,651
Borrowing Costs	<b>187</b>	113	115	145	123
Materials & Contracts Expenses	<b>4,811</b>	7,412	6,195	5,960	7,240
Total Expenses from Continuing Operations	<b>32,303</b>	33,005	29,451	27,415	28,838
Total Cash purchases of I,PP&E	<b>12,365</b>	12,955	10,937	14,169	10,905
Total Loan Repayments (incl. Finance Leases)	<b>75</b>	71	101	117	114
Operating Surplus/(Deficit) (excl. Capital Income)	<b>2,398</b>	2,793	2,658	2,298	1,736
<b>Financial Position Figures</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Current Assets	<b>45,794</b>	42,266	40,723	35,504	36,471
Current Liabilities	<b>6,022</b>	7,369	7,485	6,027	6,194
Net Current Assets	<b>39,772</b>	34,897	33,238	29,477	30,277
Available Working Capital (Unrestricted Net Current Assets)	<b>3,100</b>	5,596	7,159	6,114	4,152
Cash & Investments - Unrestricted	<b>2,103</b>	4,999	7,188	4,532	1,780
Cash & Investments - Internal Restrictions	<b>24,631</b>	17,412	15,654	13,904	15,086
Cash & Investments - Total	<b>39,972</b>	36,313	34,550	28,357	29,244
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>3,062</b>	682	753	854	971
Total Value of I,PP&E (excl. Land & Earthworks)	<b>445,048</b>	434,477	432,636	418,280	365,459
Total Accumulated Depreciation	<b>183,760</b>	175,016	177,458	166,202	145,712
Indicative Remaining Useful Life (as a % of GBV)	59%	60%	59%	60%	60%

**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 2013

#### Note 28. Council Information & Contact Details

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##### 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  
Detail Opening Hours here

**Telephone:** 02 6392 3203

**Facsimile:** 02 6392 3260

**Internet:** [www.cabonne.nsw.gov.au](http://www.cabonne.nsw.gov.au)

**Email:** [council@cabonne.nsw.gov.au](mailto:council@cabonne.nsw.gov.au)

##### Officers

##### GENERAL MANAGER

Andrew L Hopkins

##### RESPONSIBLE ACCOUNTING OFFICER

Stephen Harding

##### PUBLIC OFFICER

Gerard Aguila

##### AUDITORS

Intentus Chartered Accountants  
273 Lords Place  
Orange NSW 2800

##### Elected Members

##### MAYOR

Ian Gosper

##### COUNCILLORS

Janelle Culverson  
Ian Davison  
Geoffrey Dean  
Anthony Durkin  
Michael Hayes  
Lachlan MacSmith  
Marlene Nash  
Graham Smith  
Gregory Treavors  
Kevin Walker  
Sharon Wilcox

##### Other Information

**ABN:** 419 929 192 00

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

**Report on the Financial Statements**

We have audited the accompanying general purpose financial statements of Cabonne Council (The Council) for the financial year ended 30 June 2013. 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, the projected revenue and expenditure of developer contributions reported in Note 17, nor the Infrastructure Backlog and Asset Maintenance ratios included in Notes 13 (i) and 13b 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 2013 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.

## **Application of the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2**

Without qualification to the opinion expressed above, attention is drawn to Note 1(j) of the financial statements. Council have advised that the revaluation of buildings has not occurred this financial year.

Council engaged a valuer to undertake this work for the year ended 30 June 2013, however on review of the valuation provided to Council, it was determined that it did not meet Council's requirements, and was therefore not utilised. Our own review of the valuation workings concurred with Council's view that there was insufficient evidence to support the valuation conclusions and that the valuation could not be relied upon for audit purposes. A full valuation of Council's buildings will be conducted during the 2013-14 financial year.

While the financial statements are in compliance with Australian Accounting Standards, they do not comply with the Divisional requirement which specified that the revaluation of Council assets be conducted at least once every five (5) years.

Accordingly, this element of the financial statements does not comply with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update 21 which forms part of the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 and Regulation 207 of the Local Government (General) Regulation 2005.

*intentus*

**intentus**

237 Lords Place  
Orange  
Dated: 14 October 2013

  
**JD O'Malley**  
Partner

14 October 2013

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 2013**

We advise having completed our audit of the financial statements of Cabonne Council for the financial year ended 30 June 2013. 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 2013. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

**Council's Responsibility for the Financial Report**

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

**Auditor's Responsibility**

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

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

The following comments are provided in accordance with Section 415(3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.

## Review of Financial Results

### (a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$5,341,000 (2012 - \$4,961,000). Selected items of note in the operating statement include:

#### *Revenue*

The operating result from ordinary activities *before* capital amounts was \$2,398,000 (2012 – \$2,793,000).

- User charges and fee income fell by \$1,063,000 to \$9,982,000 (2012 - \$11,045,000) with the decrease mainly due to a decline in work performed for RMS (formerly RTA).
- Income from Operating Grants was down on the prior year at \$9,996,000 (2012 - \$11,254,000) as a result of the early payment in 2012 of the 2013 instalment of the Federal Financial Assistance Grant being recognised as income in the 2012 year.
- Capital grants and contributions increased by \$775,000, boosted by a \$671,000 contribution from Orange City Council for the Eucharanea Rd waste facility.

#### *Expenditure*

- Materials and contract costs decreased \$2,601,000 to \$4,811,000 (2012 - \$7,412,000) the decrease is consistent with the decline in work carried out for RMS as well as lower costs for consultants associated with the migration of council's software system.
- Other expenses were higher this year as a result of re-classifying external labour and plant hire which were previously included in the materials and contracts line.

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

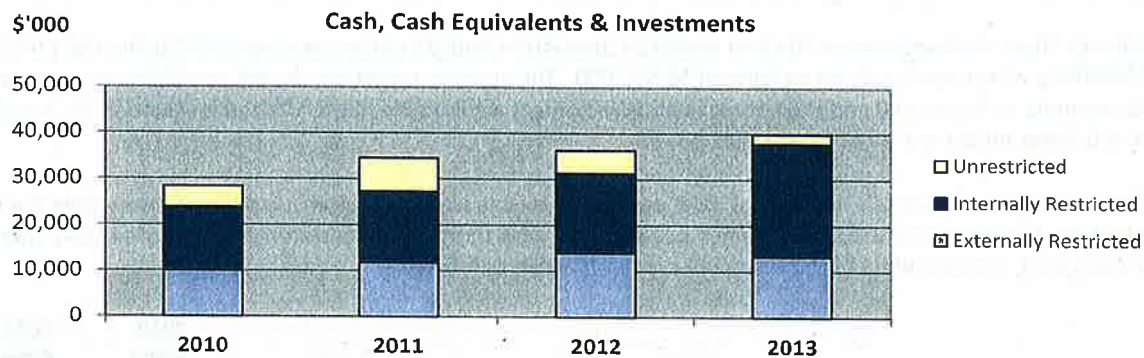
**(b) Financial Position**

The Balance Sheet discloses that for the year ended 30 June 2013 Council's net assets stood at \$480,442,000 (2012 - \$473,880,000), which represents an increase of \$6,562,000. The increase comprises the net operating surplus after capital amounts of \$5,341,000 and the net revaluation increment attributable to the indexed revaluation of Council's water and sewer infrastructure of \$1,221,000.

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: -

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Net Current Assets</b>	<b>39,772</b>	<b>34,897</b>
Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements)	(15,563)	(16,273)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(24,631)	(17,412)
Add: Applicable current liabilities refer Note 10		
- Water	137	114
- Sewerage	536	235
- Other	-	173
Add: Employee Leave Entitlements to be paid > 12 months	2,520	3,332
<b>Unrestricted net current asset surplus/(deficit)</b>	<b>2,771</b>	<b>5,066</b>
Unrestricted net current assets comprise: -		
Assets		
Cash	2,103	4,999
Receivables	2,230	2,388
Inventories	1,252	1,193
Other (Prepayments)	15	1
Less: General Purpose Liabilities	(5,349)	(6,847)
Plus: Employee Leave Entitlements to be paid > 12 months	2,520	3,332
<b>Unrestricted net current asset surplus/(deficit)</b>	<b>2,771</b>	<b>5,066</b>

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



### Liquidity

Note 6 to the accounts discloses total cash and investments of \$39,972,000 (2012 - \$36,313,000), of this amount \$13,238,000 (2012 - \$13,902,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$24,631,000 (2012 - \$17,412,000) 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 \$2,103,000 (2012 - \$4,999,000) 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 10.37:1 (2012: 7.25:1) 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 0.68% (2012 – 0.41%) 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 31.42% (2012 – 29.36%) 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 14.50% (2012 – 5.18%) has deteriorated considerably against the prior year, but is due to the levying of water and sewer charges at the end of the financial year thus the ratepayers have had no opportunity to pay the debt.

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 three of the past four years and 108.43% 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) (2012 increase - \$6,575,000) as follows:

	2013 \$'000	2012 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	12,980	14,127	(1,147)
Investing activities	(19,963)	(20,880)	917
Financing activities	2,380	(71)	2,451
Net increase / (decrease) in cash held	(4,603)	(6,824)	2,221

**Cash flows from operating activities**

The cashflows from operating activities have decreased due to the growth in uncollected rates combined with increased other payments particularly for plant hire.

**Cash flows from investing activities**

Cash outflows related to acquisitions of infrastructure, property, plant and equipment were again substantial, 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 (2012 - \$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 \$5,341,000 was \$222,000 more than Council's original estimates.

It is beyond the purpose of this report to provide a detailed analysis of individual budget variations. Note 16 to Council's financial statements addresses the contributing factors to these variations in detail.

**(f) Other Matters**

**National Competition Policy**

In accordance with the requirements of National Competition Policy guidelines, Cabonne Council has prepared special purpose financial statements on its business units for the year ended 30 June 2013. 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 2013 has been issued.

**Management Letters**

Our most recent management letter was issued on 9 May 2013. 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 2013 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.

*intentus*

**intentus**

237 Lords Place  
Orange  
Dated: 14 October 2013

  
**JD O'Malley**  
Partner

# Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

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*“...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 2013

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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).

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## Cabonne Council

### Special Purpose Financial Statements for the financial year ended 30 June 2013

### 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 17 September 2013.**



Ian Gosper  
MAYOR



Lachlan MacSmith  
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 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	309	284
User charges	459	398
Fees	-	-
Interest	138	176
Grants and contributions provided for non capital purposes	13	7
Profit from the sale of assets	-	-
Other income	4	3
<b>Total income from continuing operations</b>	<b>923</b>	<b>868</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	156	51
Borrowing costs	-	-
Materials and contracts	570	438
Depreciation and impairment	511	533
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	81	138
<b>Total expenses from continuing operations</b>	<b>1,318</b>	<b>1,160</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(395)</b>	<b>(292)</b>
Grants and contributions provided for capital purposes	14	95
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(381)</b>	<b>(197)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(381)</b>	<b>(197)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(381)</b>	<b>(197)</b>
plus Opening Retained Profits	11,902	12,143
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments	-	(44)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>11,521</b>	<b>11,902</b>
<b>Return on Capital %</b>	<b>-1.7%</b>	<b>-1.2%</b>
<b>Subsidy from Council</b>	<b>1,289</b>	<b>1,001</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(381)	(197)
less: Capital grants and contributions (excluding developer contributions)	(14)	(95)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Cabonne Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	1,310	1,267
User charges	75	98
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	183	122
Grants and contributions provided for non capital purposes	28	17
Profit from the sale of assets	-	-
Other income	8	19
<b>Total income from continuing operations</b>	<b>1,604</b>	<b>1,523</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	215	255
Borrowing costs	121	50
Materials and contracts	754	404
Depreciation and impairment	764	713
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	137	130
<b>Total expenses from continuing operations</b>	<b>1,991</b>	<b>1,552</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(387)</b>	<b>(29)</b>
Grants and contributions provided for capital purposes	827	678
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>440</b>	<b>649</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>440</b>	<b>649</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>440</b>	<b>649</b>
plus Opening Retained Profits	20,963	20,326
plus/less: Prior Period Adjustments	-	-
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	-	-
<b>Closing Retained Profits</b>	<b>21,403</b>	<b>20,963</b>
<b>Return on Capital %</b>	<b>-0.8%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>1,529</b>	<b>950</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	440	649
less: Capital grants and contributions (excluding developer contributions)	(749)	(678)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>



## Cabonne Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

Quarry

Category 2

\$ '000	Category 2	
	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	1,561	2,022
Fees	-	-
Interest	21	25
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>1,582</b>	<b>2,047</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	205	812
Borrowing costs	-	-
Materials and contracts	692	330
Depreciation and impairment	162	157
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	363	405
<b>Total expenses from continuing operations</b>	<b>1,422</b>	<b>1,704</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>160</b>	<b>343</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>160</b>	<b>343</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>160</b>	<b>343</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(48)	(103)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>112</b>	<b>240</b>
plus Opening Retained Profits	1,514	1,171
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	48	103
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>1,674</b>	<b>1,514</b>
<b>Return on Capital %</b>	<b>12.6%</b>	<b>27.1%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>

## Cabonne Council

Statement of Financial Position - Council's Water Supply Business Activity  
as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,300	3,267
Investments	-	-
Receivables	538	480
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>3,838</b>	<b>3,747</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	25	21
Inventories	-	-
Infrastructure, property, plant and equipment	23,718	23,399
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>23,743</b>	<b>23,420</b>
<b>TOTAL ASSETS</b>	<b>27,581</b>	<b>27,167</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	137	114
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>137</b>	<b>114</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>137</b>	<b>114</b>
<b>NET ASSETS</b>	<b>27,444</b>	<b>27,053</b>
<b>EQUITY</b>		
Retained earnings	11,521	11,902
Revaluation reserves	15,923	15,151
Council equity interest	27,444	27,053
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>27,444</b>	<b>27,053</b>

## Cabonne Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,095	1,765
Investments	-	-
Receivables	1,788	1,883
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>5,883</b>	<b>3,648</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	90	75
Inventories	-	-
Infrastructure, property, plant and equipment	33,496	32,033
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>33,586</b>	<b>32,108</b>
<b>TOTAL ASSETS</b>	<b>39,469</b>	<b>35,756</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	369	163
Interest bearing liabilities	167	72
Provisions	-	-
<b>Total Current Liabilities</b>	<b>536</b>	<b>235</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	2,884	595
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>2,884</b>	<b>595</b>
<b>TOTAL LIABILITIES</b>	<b>3,420</b>	<b>830</b>
<b>NET ASSETS</b>	<b>36,049</b>	<b>34,926</b>
<b>EQUITY</b>		
Retained earnings	21,403	20,963
Revaluation reserves	14,646	13,963
Council equity interest	36,049	34,926
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>36,049</b>	<b>34,926</b>

## Cabonne Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

	Quarry	
	Category 2	
\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	941	642
Investments	-	-
Receivables	186	262
Inventories	125	150
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,252</b>	<b>1,054</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	1,270	1,265
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>1,270</b>	<b>1,265</b>
<b>TOTAL ASSETS</b>	<b>2,522</b>	<b>2,319</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	774	730
Provisions	74	75
<b>Total Current Liabilities</b>	<b>848</b>	<b>805</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>848</b>	<b>805</b>
<b>NET ASSETS</b>	<b>1,674</b>	<b>1,514</b>
<b>EQUITY</b>		
Retained earnings	1,674	1,514
Revaluation reserves	-	-
Council equity interest	1,674	1,514
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>1,674</b>	<b>1,514</b>

## Cabonne Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
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 2013

#### 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:

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

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

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

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

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

#### National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the 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 ready mixed concrete*

##### Category 2

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

##### a. Cabonne Council Combined Water Supplies

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

##### b. Cabonne Council Combined Sewerage Supplies

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

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

## Cabonne Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

## Note 1. Significant Accounting Policies

### Monetary Amounts

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

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

### (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 **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

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

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

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

### Income Tax

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

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

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

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

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

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

### Local Government Rates & Charges

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

## Cabonne Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

##### 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 each reported Business Activity.

##### (iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

---

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

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 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



# Cabonne Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

### Note 2. Water Supply Business Best Practice Management disclosure requirements

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

**2013**

#### 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	3,600
(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	36,000
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(1,092,000)

2013 Surplus	(395,000)	2012 Surplus	(292,000)	2011 Surplus	(405,000)
		2012 Dividend	-	2011 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 2013

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

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

2013

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	807
<b>NWI F4</b>	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)]	%	64.25%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	22,126
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	733
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	58
<b>NWI F17</b>	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)]	%	-1.84%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

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

## Cabonne Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

**2013**

##### 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	7,371
(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)	73,710
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(598,000)

2013 Surplus	(309,000)	2012 Surplus	(29,000)	2011 Surplus	(260,000)
		2012 Dividend	-	2011 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 2013

## Note 3. Sewerage Business

### Best Practice Management disclosure requirements (continued)

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

2013

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	1,523
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	27,750
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	1,003
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,545
<b>NWI F18</b>	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)]	%	-0.58%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	749

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

<b>NWI F3</b>	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	2,330
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.76%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,603
<b>NWI F19</b>	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)]	%	-1.10%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	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 2013

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

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

2013

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage)	%	-6.84%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
<b>NWI F23</b>	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):	-	595
	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:	-	165
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage)	\$'000	(690)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage)	\$'000	41
	Grants for Pensioner Rebates (w11b + s12b)		

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

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

**Report on the Financial Statements**

We have audited the special purpose financial statements of Cabonne Council for the year ended 30 June 2013, 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 2013 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.

*intentus*

**intentus**

237 Lords Place  
Orange  
Dated: 14 October 2013

*JD O'Malley*  
**JD O'Malley**  
**Partner**

# Cabonne Council

SPECIAL SCHEDULES  
for the year ended 30 June 2013

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*“...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 2013

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### Special Schedules<sup>1</sup>

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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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<sup>1</sup> 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 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	<b>915</b>	<b>162</b>	<b>-</b>	<b>(753)</b>
<b>Administration</b>	<b>2,223</b>	<b>760</b>	<b>-</b>	<b>(1,463)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,019	294	184	(541)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	156	7	-	(149)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>1,175</b>	<b>301</b>	<b>184</b>	<b>(690)</b>
<b>Health</b>	<b>456</b>	<b>75</b>	<b>-</b>	<b>(381)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	1,514	1,302	-	(212)
Other Environmental Protection	964	300	183	(481)
Solid Waste Management	319	1,111	-	792
Street Cleaning	180	-	-	(180)
Drainage	7	74	-	67
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>2,984</b>	<b>2,787</b>	<b>183</b>	<b>(14)</b>
<b>Community Services and Education</b>				
Administration & Education	79	16	-	(63)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	546	522	-	(24)
Children's Services	870	843	-	(27)
<b>Total Community Services &amp; Education</b>	<b>1,495</b>	<b>1,381</b>	<b>-</b>	<b>(114)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	139	60	-	(79)
Public Conveniences	123	-	-	(123)
Street Lighting	142	38	-	(104)
Town Planning	221	132	-	(89)
Other Community Amenities	405	37	-	(368)
<b>Total Housing and Community Amenities</b>	<b>1,030</b>	<b>267</b>	<b>-</b>	<b>(763)</b>
<b>Water Supplies</b>	<b>1,332</b>	<b>922</b>	<b>14</b>	<b>(396)</b>
<b>Sewerage Services</b>	<b>1,991</b>	<b>1,603</b>	<b>827</b>	<b>439</b>

## Cabonne Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Recreation and Culture</b>				
Public Libraries	247	55	-	(192)
Museums	134	6	-	(128)
Art Galleries	-	-	-	-
Community Centres and Halls	203	6	-	(197)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	20	1	-	(19)
Sporting Grounds and Venues	285	2	-	(283)
Swimming Pools	454	-	-	(454)
Parks & Gardens (Lakes)	211	6	-	(205)
Other Sport and Recreation	394	38	93	(263)
<b>Total Recreation and Culture</b>	<b>1,948</b>	<b>114</b>	<b>93</b>	<b>(1,741)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	174	135	-	(39)
Other Mining, Manufacturing & Construction	1,476	1,638	-	162
<b>Total Mining, Manufacturing and Const.</b>	<b>1,650</b>	<b>1,773</b>	-	<b>123</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	214	-	-	(214)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	2,995	1,511	671	(813)
Sealed Rural Roads (SRR) - Regional	1,695	1,360	386	51
Unsealed Rural Roads (URR) - Local	2,996	-	-	(2,996)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	245	-	-	(245)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	106	-	530	424
Parking Areas	-	-	-	-
Footpaths	164	-	55	(109)
Aerodromes	-	-	-	-
Other Transport & Communication	5,577	6,169	-	592
<b>Total Transport and Communication</b>	<b>13,992</b>	<b>9,040</b>	<b>1,642</b>	<b>(3,310)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	270	135	-	(135)
Other Economic Affairs	842	540	-	(302)
<b>Total Economic Affairs</b>	<b>1,112</b>	<b>675</b>	-	<b>(437)</b>
<b>Totals – Functions</b>	<b>32,303</b>	<b>19,860</b>	<b>2,943</b>	<b>(9,500)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>14,841</b>		<b>14,841</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>32,303</b>	<b>34,701</b>	<b>2,943</b>	<b>5,341</b>

(1) As reported in the Income Statement

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

# Cabonne Council

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

for the financial year ended 30 June 2013

\$'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
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	69	595	664	2,455	69	-	-	121	167	2,883	3,050
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>69</b>	<b>595</b>	<b>664</b>	<b>2,455</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>167</b>	<b>2,883</b>	<b>3,050</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	6	12	18	-	6	-	-	1	3	9	12
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>6</b>	<b>12</b>	<b>18</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>9</b>	<b>12</b>
<b>Total Debt</b>	<b>75</b>	<b>607</b>	<b>682</b>	<b>2,455</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>170</b>	<b>2,892</b>	<b>3,062</b>

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 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	89	(22)
b. Engineering and Supervision	59	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	196
b. Maintenance expenses	65	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	57	164
<b>- Reservoirs</b>		
e. Operation expenses	3	20
f. Maintenance expenses	21	27
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	16	24
i. Maintenance expenses	34	46
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	7	103
k. Chemical costs	19	14
l. Maintenance expenses	144	74
<b>- Other</b>		
m. Operation expenses	16	-
n. Maintenance expenses	203	-
o. Purchase of water	-	-
<b>3. Depreciation expenses</b>		
a. System assets	439	449
b. Plant and equipment	72	66
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	2	-
b. Revaluation Decrements	-	-
c. Other expenses	72	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,318</b>	<b>1,161</b>

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	212	284
b. Usage charges	381	398
<b>7. Non-residential charges</b>		
a. Access (including rates)	97	-
b. Usage charges	78	-
<b>8. Extra charges</b>	8	-
<b>9. Interest income</b>	130	176
<b>10. Other income</b>	4	3
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	95
b. Grants for pensioner rebates	13	-
c. Other grants	-	8
<b>12. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	14	-
<b>13. Total income</b>	<b>937</b>	<b>964</b>
<b>14. Gain (or loss) on disposal of assets</b>	-	-
<b>15. Operating Result</b>	<b>(381)</b>	<b>(197)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(381)	(292)

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	44	392
b. New Assets for Growth	-	-
c. Renewals	-	-
d. Plant and equipment	14	4
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>58</b>	<b>396</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	968	960
b. Residential (unoccupied, ie. vacant lot)	68	68
c. Non-residential (occupied)	161	179
d. Non-residential (unoccupied, ie. vacant lot)	3	-
<b>25. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 23,306	\$ 23,478

## Cabonne Council

# Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
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 <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>			
<b>NB.</b> 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 <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
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 2012/13 (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.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

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

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



## Cabonne Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,301	-	3,301
<b>31. Receivables</b>			
a. Specific purpose grants	1	-	1
b. Rates and Availability Charges	181	8	189
c. User Charges	272	17	289
d. Other	83	-	83
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	22,126	22,126
b. Plant and equipment	-	1,592	1,592
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>3,838</b>	<b>23,743</b>	<b>27,581</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	137	-	137
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>137</b>	<b>-</b>	<b>137</b>
<b>41. NET ASSETS COMMITTED</b>	<b>3,701</b>	<b>23,743</b>	<b>27,444</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			11,521
<b>43. Asset revaluation reserve</b>			15,923
<b>44. TOTAL EQUITY</b>			<b>27,444</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			41,250
<b>46. Accumulated current cost</b> depreciation of system assets			(19,124)
<b>47. Written down current cost</b> of system assets			22,126

## Cabonne Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	54	-
b. Engineering and Supervision	81	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	12	-
b. Maintenance expenses	68	-
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	9	839
d. Energy costs	19	-
e. Maintenance expenses	185	-
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	24	-
g. Chemical costs	22	-
h. Energy costs	26	-
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	344	-
<b>- Other</b>		
l. Operation expenses	13	-
m. Maintenance expenses	146	-
<b>3. Depreciation expenses</b>		
a. System assets	516	532
b. Plant and equipment	199	181
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	122	-
b. Revaluation Decrements	-	-
c. Other expenses	151	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,991</b>	<b>1,552</b>

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	1,217	1,267
<b>7. Non-residential charges</b>		
a. Access (including rates)	94	-
b. Usage charges	61	98
<b>8. Trade Waste Charges</b>		
a. Annual Fees	9	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	24	-
<b>10. Interest income</b>	159	122
<b>11. Other income</b>	8	19
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	749	678
b. Grants for pensioner rebates	28	-
c. Other grants	-	17
<b>13. Contributions</b>		
a. Developer charges	78	-
b. Developer provided assets	-	-
c. Other contributions	4	-
<b>14. Total income</b>	<b>2,431</b>	<b>2,201</b>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<b>440</b>	<b>649</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(309)	(29)

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,531	1,263
c. Renewals	-	-
d. Plant and equipment	14	29
<b>18. Repayment of debt</b>		
a. Loans	114	72
b. Advances	3	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>1,662</b>	<b>1,364</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,986	2,067
b. Residential (unoccupied, ie. vacant lot)	163	191
c. Non-residential (occupied)	303	295
d. Non-residential (unoccupied, ie. vacant lot)	5	35
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 46,757	\$ 53,565

## Cabonne Council

# Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>			
<b>NB.</b> 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"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (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.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

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

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

## Cabonne Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,096	-	4,096
<b>32. Receivables</b>			
a. Specific purpose grants	341	-	341
b. Rates and Availability Charges	810	-	810
c. User Charges	43	-	43
d. Other	594	89	683
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	27,750	27,750
b. Plant and equipment	-	5,746	5,746
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>5,884</b>	<b>33,585</b>	<b>39,469</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	369	-	369
<b>39. Borrowings</b>			
a. Loans	167	2,884	3,051
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>536</b>	<b>2,884</b>	<b>3,420</b>
<b>42. NET ASSETS COMMITTED</b>	<b>5,348</b>	<b>30,701</b>	<b>36,049</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			21,403
<b>44. Asset revaluation reserve</b>			14,646
<b>45. TOTAL EQUITY</b>			<b>36,049</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			36,494
<b>47. Accumulated current cost</b> depreciation of system assets			(8,744)
<b>48. Written down current cost</b> of system assets			27,750

## Cabonne Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2013

#### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

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

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

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

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

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

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

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (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** <sup>(2)</sup> (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:

<sup>(1)</sup> 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).

<sup>(2)</sup> 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.

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#.</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance	
Buildings		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>>								
	Council Offices	2.25%	103		4,215	2,264	1,951	2	90	35	35	
	Council Works Depot	2.15%	80		3,589	2,049	1,540	3	120	101	101	
	Council Halls	2.27%	150		8,545	5,826	2,719	2	158	161	161	
	Council Houses	1.42%	33		1,904	694	1,210	2	-	3	3	
	Museum	2.42%	31		1,329	429	900	2	28	10	10	
	Sportsgrounds	1.50%	61		3,422	1,811	1,611	2	-	235	235	
	Childcare Centre(s)	2.17%	31		1,987	884	1,103	2	2	20	20	
	Parks	1.13%	11		477	225	252	2	-	32	32	
	Amenities/Toilets	2.50%	16		700	297	403	2	-	109	109	
	Bushfire	1.68%	30		1,904	402	1,502	2	-	-	-	
	Pools	1.13%	37		1,786	975	811	2	-	253	253	
	Saleyards	1.75%	1		39	31	8	3	6	-	-	
	Waste Services	1.00%	-		7	-	7	1	-	-	-	
	Caravan Parks	2.38%	15		687	421	266	2	-	150	150	
	Quarry	2.15%	13		478	276	202	3	46	15	15	
	Health Doctors Centre	1.50%	36		3,577	329	3,248	1	-	37	37	
	Aged Units	1.50%	22		1,250	755	495	2	-	12	12	
	Cemetries	1.50%	-		6	3	3	2	-	-	-	
	Showgrounds	1.50%	37		2,624	1,670	954	3	8	-	-	
	Water/Sewer	1.00%	5		225	28	197	2	-	-	-	
	Other	1.50%	19		1,507	498	1,009	1	-	11	11	
	sub total			731	-	40,258	19,867	20,391		458	1,184	1,184



		Dep'n. Rate (%)	Dep'n Expense (\$)			Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup> .	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
ASSET CLASS	Asset Category										
		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>							
Other Structures	Assets not included in Buildings	2.00%	277		11,019	5,268	5,751	2	-	100	50
	sub total		277	-	11,019	5,268	5,751		-	100	50
Public Roads	Sealed Roads	1.50%	2,198		121,264	33,737	87,527	2	2,975	3,525	2,919
	Unsealed Roads	1.00%	1,558		68,604	46,528	22,076	4	1,875	570	570
	Bridges	1.00%	348		52,640	12,914	39,726	1	1,718	7	5
	Footpaths	2.00%	53		4,841	1,252	3,589	3	88	38	33
	Kerb and Gutter	1.70%	120		10,676	3,770	6,906	3	456	10	6
	Road Furniture	2.00%	16		1,408	381	1,027	3	65	-	-
	sub total		4,293	-	259,433	98,582	160,851		7,177	4,150	3,533
Water	Treatment Plants	2.00%	28		3,047	1,637	1,410	2	-	300	140
	Water Connections	1.25%	199		19,517	9,023	10,494	2	-	200	70
	Bores	2.00%	10		426	186	240	2	-	45	33
	Reservoirs & Dams	1.00%	185		17,914	8,021	9,893	3	76	40	40
	Pump Station	10.00%	22		724	491	233	3	-	-	-
	Telemetry	2.00%	3		87	37	50	2	-	-	-
	sub total		447	-	41,715	19,395	22,320		76	585	283
Sewerage	Pump Stations	2.00%	211		6,155	2,389	3,766	1	-	200	143
	Treatment Works	2.00%	162		8,699	2,582	6,117	1	60	200	215
	Sewerage Connection Mains	1.43%	154		21,486	3,742	17,744	1	-	100	33
	Telemetry	10.00%	3		64	32	32	2	-	25	22
	On Property Works	5.00%	-		89	-	89	2	-	20	-
	sub total		530	-	36,493	8,745	27,748		60	545	413

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#.</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
<b>Drainage Works</b>		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Box Culverts	1.25%	15		1,219	652	567	3	120	-	-
	Pipes	1.25%	74		5,775	1,569	4,206	3	11	50	36
	Pits	1.00%	2		91	36	55	3	3	-	-
	Open Channels	2.00%	3		137	35	102	2	1	-	-
	<b>sub total</b>			<b>94</b>	<b>-</b>	<b>7,222</b>	<b>2,292</b>	<b>4,930</b>		<b>135</b>	<b>50</b>
	<b>TOTAL - ALL ASSETS</b>		<b>6,372</b>	<b>-</b>	<b>396,140</b>	<b>154,149</b>	<b>241,991</b>		<b>7,906</b>	<b>6,614</b>	<b>5,499</b>

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

1	<b>Excellent</b> - No work required (normal maintenance)
2	<b>Good</b> - Only minor maintenance work required
3	<b>Average</b> - Maintenance work required
4	<b>Poor</b> - Renewal required
5	<b>Very Poor</b> - Urgent renewal/upgrading required

## Cabonne Council

### Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual <sup>(1)</sup> 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	37,644	33,622	34,436	35,176	36,548	37,651	38,786	39,954	41,158	42,179	42,423
Expenses from continuing operations	32,303	29,062	29,935	31,022	32,022	32,969	34,182	35,203	36,498	37,725	38,015
<b>Operating Result from Continuing Operations</b>	<b>5,341</b>	<b>4,560</b>	<b>4,501</b>	<b>4,154</b>	<b>4,526</b>	<b>4,682</b>	<b>4,604</b>	<b>4,751</b>	<b>4,660</b>	<b>4,454</b>	<b>4,408</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	12,178	5,685	5,963	5,840	6,968	6,581	7,253	6,492	6,318	6,244	6,320
Replacement/Refurbishment of Existing Assets	-	4,288	4,497	4,404	5,255	4,963	5,470	4,897	4,766	4,709	4,767
<b>Total Capital Budget</b>	<b>12,178</b>	<b>9,973</b>	<b>10,460</b>	<b>10,244</b>	<b>12,223</b>	<b>11,544</b>	<b>12,723</b>	<b>11,389</b>	<b>11,084</b>	<b>10,953</b>	<b>11,087</b>
<b>Funded by:</b>											
– Loans	3,062	-	-	-	-	-	-	-	-	-	-
– Asset sales	545	500	500	500	500	500	500	500	500	500	500
– Reserves	1,421	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
– Grants/Contributions	7,150	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100
– Recurrent revenue	-	373	860	644	2,623	1,944	3,123	1,789	1,484	1,353	1,487
– Other	-	-	-	-	-	-	-	-	-	-	-
	<b>12,178</b>	<b>9,973</b>	<b>10,460</b>	<b>10,244</b>	<b>12,223</b>	<b>11,544</b>	<b>12,723</b>	<b>11,389</b>	<b>11,084</b>	<b>10,953</b>	<b>11,087</b>

#### Notes:

(1) From 12/13 Income Statement.

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

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.