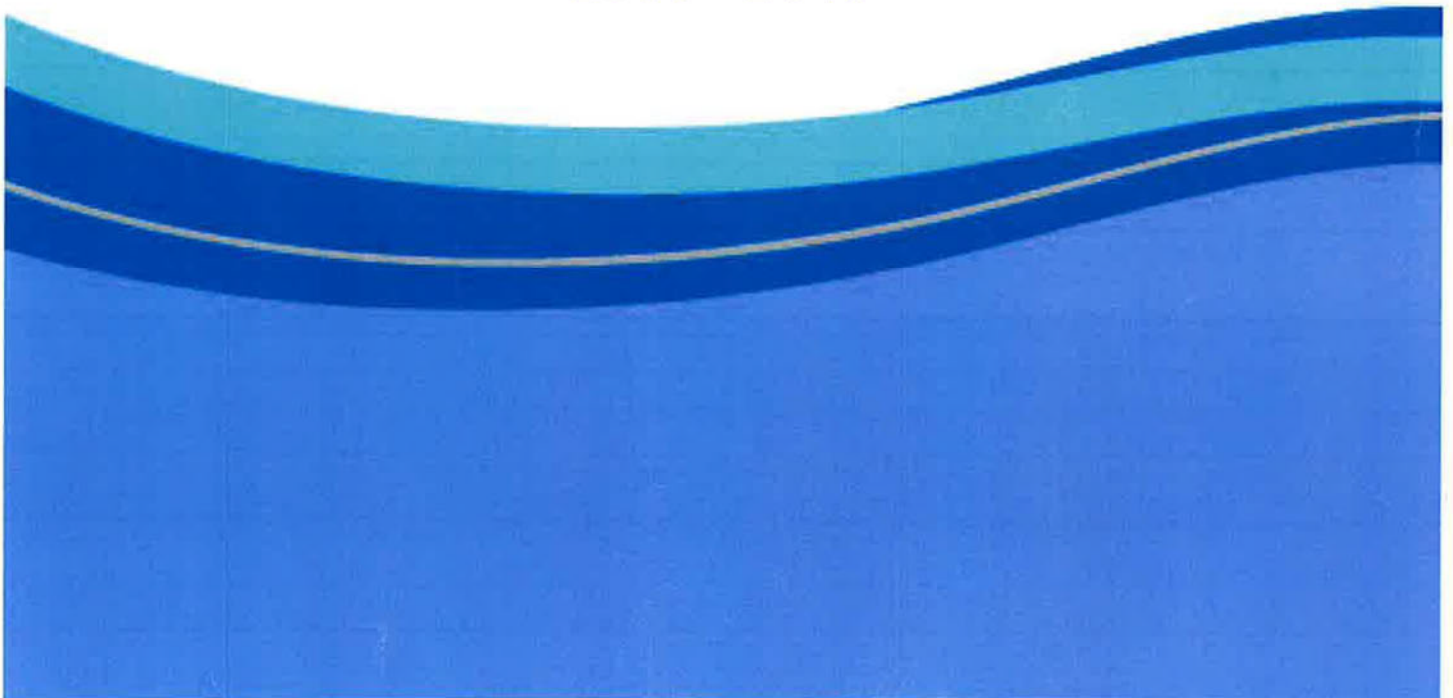


Cowra Shire Council



# **Annual Financial Statements**

2009 - 2010



# Cowra Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

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*"A leading, innovative and creative  
community, proud of our place in history,  
offering opportunity with the best of country living"*



## Cowra Shire Council

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

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#### Overview

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

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

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

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

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

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

(iv) These financial statements were authorised for issue by the Council on 01/11/10.  
Council has the power to amend and reissue the financial statements.

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## Cowra Shire Council

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

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

**The attached General Purpose Financial 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 26 July 2010.**



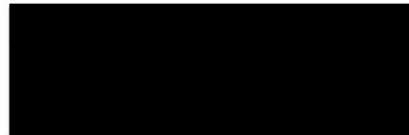
Cr W.J. West  
MAYOR



Cr I.M. Brown  
COUNCILLOR



Mr P. Devery  
GENERAL MANAGER



Mr G. Apthorpe  
RESPONSIBLE ACCOUNTING OFFICER



## Cowra Shire Council

## Income Statement

for the financial year ended 30 June 2010

Budget <sup>(1)</sup>			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
Revenue:				
10,634	Rates & Annual Charges	3a	10,607	10,168
8,165	User Charges & Fees	3b	9,632	10,685
547	Interest & Investment Revenue	3c	604	828
693	Other Revenues	3d	850	669
4,287	Grants & Contributions provided for Operating Purposes	3e,f	4,164	5,194
7,755	Grants & Contributions provided for Capital Purposes	3e,f	3,063	1,365
Other Income:				
-	Net gains from the disposal of assets	5	83	365
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the equity method	19	-	-
32,081	Total Income from Continuing Operations		29,003	29,274
Expenses from Continuing Operations				
9,852	Employee Benefits & On-Costs	4a	10,518	10,879
1,699	Borrowing Costs	4b	726	643
11,150	Materials & Contracts	4c	8,365	9,557
4,717	Depreciation & Amortisation	4d	4,920	4,871
-	Impairment	4d	-	-
2,354	Other Expenses	4e	2,104	1,980
29,772	Total Expenses from Continuing Operations		26,633	27,930
2,309	Operating Result from Continuing Operations		2,370	1,344
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
2,309	Net Operating Result for the Year		2,370	1,344
2,309	Net Operating Result attributable to Council		2,370	1,344
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(5,446)			(693)	(21)

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

## Cowra Shire Council

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>Net Operating Result for the year (as per Income statement)</b>		<b>2,370</b>	<b>1,344</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	353,583	1,691
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
<b>Total Other Comprehensive Income for the year</b>		<b>353,583</b>	<b>1,691</b>
<b>Total Comprehensive Income for the Year</b>		<b>355,953</b>	<b>3,035</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>355,953</b>	<b>3,035</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Cowra Shire Council

## Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	10,764	12,613
Investments	6b	-	-
Receivables	7	6,059	3,485
Inventories	8	1,254	1,205
Other	8	132	113
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>18,209</b>	<b>17,416</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	36	57
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	568,536	208,898
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>568,572</b>	<b>208,955</b>
<b>TOTAL ASSETS</b>		<b>586,781</b>	<b>226,371</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	2,224	2,139
Borrowings	10	652	728
Provisions	10	2,951	2,717
<b>Total Current Liabilities</b>		<b>5,827</b>	<b>5,584</b>
<b>Non-Current Liabilities</b>			
Payables	10	25	11
Borrowings	10	14,132	9,879
Provisions	10	433	486
<b>Total Non-Current Liabilities</b>		<b>14,590</b>	<b>10,376</b>
<b>TOTAL LIABILITIES</b>		<b>20,417</b>	<b>15,960</b>
<b>Net Assets</b>		<b>566,364</b>	<b>210,411</b>
<b>EQUITY</b>			
Retained Earnings	20	167,213	164,843
Revaluation Reserves	20	399,151	45,568
Council Equity Interest		566,364	210,411
Minority Equity Interest		-	-
<b>Total Equity</b>		<b>566,364</b>	<b>210,411</b>

## Cowra Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		156,179	45,568	<b>201,747</b>	-	<b>201,747</b>
a. Correction of Prior Period Errors	20 (c)	8,664	-	<b>8,664</b>	-	<b>8,664</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/09)</b>		<b>164,843</b>	<b>45,568</b>	<b>210,411</b>	-	<b>210,411</b>
<b>c. Net Operating Result for the Year</b>		<b>2,370</b>	-	<b>2,370</b>	-	<b>2,370</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	353,583	<b>353,583</b>	-	<b>353,583</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>353,583</b>	<b>353,583</b>	-	<b>353,583</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>2,370</b>	<b>353,583</b>	<b>355,953</b>	-	<b>355,953</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>167,213</b>	<b>399,151</b>	<b>566,364</b>	-	<b>566,364</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2009</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		154,759	43,953	<b>198,712</b>	-	<b>198,712</b>
a. Correction of Prior Period Errors	20 (c)	8,664	-	<b>8,664</b>	-	<b>8,664</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/08)</b>		<b>163,423</b>	<b>43,953</b>	<b>207,376</b>	-	<b>207,376</b>
<b>c. Net Operating Result for the Year</b>		<b>1,344</b>	-	<b>1,344</b>	-	<b>1,344</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,691	<b>1,691</b>	-	<b>1,691</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>1,691</b>	<b>1,691</b>	-	<b>1,691</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>1,344</b>	<b>1,691</b>	<b>3,035</b>	-	<b>3,035</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		76	(76)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>164,843</b>	<b>45,568</b>	<b>210,411</b>	-	<b>210,411</b>

## Cowra Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
10,634	Rates & Annual Charges		10,376	10,020
8,165	User Charges & Fees		9,142	11,038
547	Investment & Interest Revenue Received		563	812
12,042	Grants & Contributions		7,248	6,261
692	Other		767	1,673
<b>Payments:</b>				
(9,852)	Employee Benefits & On-Costs		(10,416)	(10,605)
(12,266)	Materials & Contracts		(10,043)	(10,696)
(1,699)	Borrowing Costs		(712)	(630)
(2,589)	Other		(2,265)	(2,451)
<b>5,674</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>4,660</b>	<b>5,422</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
400	Sale of Infrastructure, Property, Plant & Equipment		279	988
-	Deferred Debtors Receipts		30	23
<b>Payments:</b>				
-	Purchase of Investment Securities		20	19
(20,843)	Purchase of Infrastructure, Property, Plant & Equipment		(11,015)	(8,641)
<b>(20,443)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(10,686)</b>	<b>(7,611)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
7,772	Proceeds from Borrowings & Advances		4,888	1,629
<b>Payments:</b>				
(883)	Repayment of Borrowings & Advances		(711)	(536)
<b>6,889</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>4,177</b>	<b>1,093</b>
<b>(7,880)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(1,849)</b>	<b>(1,096)</b>
11,500	plus: Cash & Cash Equivalents - beginning of year	11a	12,613	13,709
<b>3,620</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>10,764</b>	<b>12,613</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	-	-
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>10,764</b>	<b>12,613</b>

Please refer to Note 11 for additional cash flow information

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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n/a - not applicable



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

Under Australian Accounting Standards, 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,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

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

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

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

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

##### (iii) Basis of Accounting

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

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

##### (iv) Changes in Accounting Policies

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

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial statements.

##### (v) Critical Accounting Estimates

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

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

##### (vi) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.



## Cowra Shire Council

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

#### Note 1. Summary of Significant Accounting Policies (continued)

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

#### (b) Revenue recognition

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

Council bases 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.

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

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

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

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

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

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

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

#### **User Charges, Fees and Other Income**

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

##### **Interest and Rents**

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

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

##### **(c) Principles of Consolidation**

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and (ii) all the related operating results (for the financial year ended the 30th June 2010).

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
- Cowra Shire Council Water Supply Fund
- Cowra Shire Council Sewer Fund
- Cowra Shire Council Waste Fund

##### **(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) 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.

##### **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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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

##### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

##### (f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

##### (ii) Loans and receivables

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

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

They are included in current assets, except for those with maturities greater than 12 months after the 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



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

#### 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.

##### Impairment

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

##### (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 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.

##### (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.

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

## Cowra Shire Council

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

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

##### (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.

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

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

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

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

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

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

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

###### Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(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)

The only remaining asset class that is to be revalued in a future reporting period is;

- **2010/11:** Community land, land improvements, other structures and other assets

Until the designated future reporting periods, the above remaining asset class is stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

###### Initial Recognition

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

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

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

##### Capitalisation Thresholds

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

<b>Land</b>	
- council land	100% Capitalised
- open space	100% Capitalised

<b>Plant &amp; Equipment</b>	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$2,000

<b>Building</b>	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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<b>Water &amp; Sewer Assets</b>	
Reticulation extensions	100% Capitalised
Other	> \$5,000

<b>Stormwater Assets</b>	
Drains & Culverts	> \$5,000
Other	> \$5,000

<b>Transport Assets</b>	
Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000
Bridge construction & reconstruction	> \$10,000

##### 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:

<b>Plant &amp; Equipment</b>	
- Office Equipment	3 to 5 years
- Office furniture	10 to 20 years

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

#### **Buildings**

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

#### **Stormwater Drainage**

- Drains	80 to 100 years
- Culverts	50 to 80 years
- Flood Structures	80 to 100 years

#### **Transportation Assets**

- Sealed Roads : Surface	15 to 20 years
- Sealed Roads : Structure	20 to 50 years
- Unsealed roads	10 to 20 years

- Bridge : Concrete	100 years
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#### **Water & Sewer Assets**

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years

- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	10 to 15 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.

#### **(m) Rural Fire Service assets**

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

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

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

#### **(n) 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



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated

outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

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

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

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

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

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

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

#### (o) 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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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 it's 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.

#### (p) Payables

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

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

#### (q) Borrowing costs

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

#### (r) 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.

#### (s) 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 (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

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

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

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

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

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

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$286 million at 30 June 2010.

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

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

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

##### (iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/10.

##### (t) Self insurance

Council does not self insure.

##### (u) 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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

##### (v) 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.

##### (w) 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 2010.

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

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

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

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.



## Cowra Shire Council

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

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **Applicable to Local Government but no implications for Council;**

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

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction.

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

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

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

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

The amendment removes an unintended consequence of the interpretation related to

voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

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

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

None

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

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

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

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

## Cowra Shire Council

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

#### Note 1. Summary of Significant Accounting Policies (continued)

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##### **(x) Rounding of amounts**

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

##### **(y) 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.

##### **(z) Disclaimer**

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

## Cowra Shire Council

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009		
Governance	-	-	-	243	213	194	(243)	(213)	(194)	-	-	586,781	8,798
Administration	25	181	110	3,862	5,326	5,449	(3,837)	(5,145)	(5,339)	5	8	-	11,893
Public Order & Safety	252	316	469	552	640	609	(300)	(324)	(140)	177	294	-	3,368
Health	-	8	56	-	173	349	-	(165)	(293)	-	48	-	672
Environment	2,738	2,427	-	3,094	2,797	-	(356)	(370)	-	112	-	-	-
Community Services & Education	-	-	-	-	39	12	-	(39)	(12)	-	-	-	623
Housing & Community Amenities	558	597	2,596	936	1,024	3,169	(378)	(427)	(573)	33	109	-	7,170
Water Supplies	6,358	4,789	3,454	3,664	3,646	3,495	2,694	1,143	(41)	957	102	-	43,255
Sewerage Services	7,156	3,665	2,471	2,174	967	925	4,982	2,698	1,546	1,004	41	-	25,610
Recreation & Culture	476	465	714	2,983	3,342	3,080	(2,507)	(2,877)	(2,366)	261	501	-	30,406
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	-	334	133	47	372	322	(47)	(38)	(189)	-	-	-	482
Transport & Communication	3,826	5,029	3,709	11,122	6,730	4,542	(7,296)	(1,701)	(833)	642	794	-	88,073
Economic Affairs	960	1,890	5,161	1,095	1,364	5,784	(135)	526	(623)	30	23	-	6,021
Total Functions & Activities	22,349	19,701	18,873	29,772	26,633	27,930	(7,423)	(6,932)	(9,057)	3,221	1,920	586,781	226,371
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	9,732	9,302	10,401	-	-	-	9,732	9,302	10,401	3,744	4,487	-	-
Operating Result from Continuing Operations	32,081	29,003	29,274	29,772	26,633	27,930	2,309	2,370	1,344	6,965	6,407	586,781	226,371

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



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

### **GOVERNANCE**

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

### **ADMINISTRATION**

Costs not otherwise attributed to other functions / activities.

### **PUBLIC ORDER & SAFETY**

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

### **HEALTH**

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

### **COMMUNITY SERVICES & EDUCATION**

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

### **HOUSING & COMMUNITY AMENITIES**

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

### **WATER SUPPLIES**

### **SEWERAGE SERVICES**

### **RECREATION & CULTURE**

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

### **FUEL & ENERGY - Gas Supplies**

### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries and pits, other.

### **TRANSPORT & COMMUNICATION**

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

### **ECONOMIC AFFAIRS**

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

## Cowra Shire Council

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

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,852	1,771
Farmland		2,260	2,250
Mining		69	-
Business		924	900
<b>Total Ordinary Rates</b>		<b>5,105</b>	<b>4,921</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		1,838	1,762
Water Supply Services		1,637	1,529
Sewerage Services		2,027	1,956
<b>Total Annual Charges</b>		<b>5,502</b>	<b>5,247</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>10,607</u></b>	<b><u>10,168</u></b>

Council has used 2008 year valuations provided by the NSW Valuer General in calculating its rates.

## Cowra Shire Council

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

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		2,040	1,815
Sewerage Services		487	469
Waste Management Services (non-domestic)		277	217
<b>Total User Charges</b>		<b>2,804</b>	<b>2,501</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Planning & Building Regulation		219	192
Private Works - Section 67		1,269	4,615
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,488</b>	<b>4,807</b>
<b>(ii) Fees &amp; Charges - Other</b> (incl. General User Charges (per s.610C))			
Aerodrome		14	22
Caravan Park		69	53
Cemeteries		211	208
RTA Charges (State Roads not controlled by Council)		4,471	2,513
Saleyards		392	312
Swimming Centres		116	149
Other		67	120
<b>Total Fees &amp; Charges - Other</b>		<b>5,340</b>	<b>3,377</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>9,632</b>	<b>10,685</b>

## Cowra Shire Council

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

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		114	111
- Interest earned on Investments (interest & coupon payment income)		470	698
<b>Amortisation of Premiums &amp; Discounts</b>			
- Interest Free (& Interest Reduced) Loans provided		20	19
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>604</u></b>	<b><u>828</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		65	61
General Council Cash & Investments		453	687
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		18	15
- Section 64		19	15
Water Fund Operations		21	23
Sewerage Fund Operations		28	27
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>604</u></b>	<b><u>828</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		127	137
Fines		73	97
Recycling Income (non domestic)		130	120
Other - Gravel Oncost		283	-
Other		237	315
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>850</u></b>	<b><u>669</u></b>

## Cowra Shire Council

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

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

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	3,635	4,384	-	-
Pensioners' Rates Subsidies - General Component	109	103	-	-
<b>Total General Purpose</b>	<b>3,744</b>	<b>4,487</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	62	62	-	-
- Sewerage	42	41	-	-
- Domestic Waste Management	68	66	-	-
Water Supplies	-	-	895	40
Sewerage Services	-	-	962	-
Bushfire & Emergency Services	-	-	177	294
Community Infrastructure	-	284	174	164
Street Lighting	61	54	-	-
Transport (Roads to Recovery)	-	-	581	740
Saleyards - NLIS Infrastructure	-	-	12	-
Other	187	175	-	-
<b>Total Specific Purpose</b>	<b>420</b>	<b>682</b>	<b>2,801</b>	<b>1,238</b>
<b>Total Grants</b>	<b>4,164</b>	<b>5,169</b>	<b>2,801</b>	<b>1,238</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	3,822	4,384	755	944
- State Funding	342	785	2,046	294
	<b>4,164</b>	<b>5,169</b>	<b>2,801</b>	<b>1,238</b>
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services	-	-	189	88
S 94A - Fixed Development Consent Levies	-	-	52	30
S 64 - Water Supply Contributions	-	-	-	8
Capital Contributions - Street Trees	-	-	-	1
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>241</b>	<b>127</b>
<b>Other Contributions:</b>				
Water Supplies (excl. Section 64 contributions)	-	-	17	-
Other	-	25	4	-
<b>Total Other Contributions</b>	<b>-</b>	<b>25</b>	<b>21</b>	<b>-</b>
<b>Total Contributions</b>	<b>-</b>	<b>25</b>	<b>262</b>	<b>127</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>4,164</b>	<b>5,194</b>	<b>3,063</b>	<b>1,365</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Actual 2010	Actual 2009
(g). Restrictions relating to Grants and Contributions		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	2,367	1,831
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	615	981
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(1,806)	(445)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>(1,191)</b>	<b>536</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>1,176</b>	<b>2,367</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	339	1,720
- Developer Contributions	837	647
	<b>1,176</b>	<b>2,367</b>

## Cowra Shire Council

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

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		8,119	8,027
Travelling		159	149
Employee Leave Entitlements (ELE)		1,218	1,476
Superannuation - Defined Contribution Plans		567	555
Superannuation - Defined Benefit Plans		453	249
Workers' Compensation Insurance		655	832
Fringe Benefit Tax (FBT)		17	9
Training Costs (other than Salaries & Wages)		138	142
<b>Total Employee Costs</b>		<b>11,326</b>	<b>11,439</b>
less: Capitalised Costs		(808)	(560)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>10,518</b>	<b>10,879</b>
Number of "Equivalent Full Time" Employees at year end		158	161
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		712	630
<b>Total Interest Bearing Liability Costs</b>		<b>712</b>	<b>630</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>712</b>	<b>630</b>
<b>(ii) Other Borrowing Costs</b>			
- Remediation Liabilities	26	14	13
<b>Total Other Borrowing Costs</b>		<b>14</b>	<b>13</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>726</b>	<b>643</b>



## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,454	5,098
Contractor & Consultancy Costs		3,645	4,171
Auditors Remuneration			
i. Audit Services - Council's Auditor		27	26
Legal Expenses:			
- Legal Expenses - Planning & Development		20	34
- Legal Expenses - Other		53	58
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments <sup>(1)</sup>		166	170
<b>Total Materials &amp; Contracts</b>		<b>8,365</b>	<b>9,557</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>8,365</b>	<b>9,557</b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Computers		166	170
		<b>166</b>	<b>170</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009

(d) Depreciation, Amortisation & Impairment

Plant and Equipment	-	-	1,205	1,172	
Office Equipment	-	-	26	26	
Furniture & Fittings	-	-	35	36	
Buildings - Specialised	-	-	390	402	
Infrastructure:					
- Roads, Bridges & Footpaths	-	-	1,146	1,073	
- Stormwater Drainage	-	-	552	552	
- Water Supply Network	-	-	1,323	1,263	
- Sewerage Network	-	-	300	221	
Other Assets					
- Other	-	-	427	401	
Asset Reinstatement Costs	9 & 26	-	-	5	5
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>5,409</b>	<b>5,151</b>
less: Capitalised Costs		-	-	(489)	(280)
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>4,920</b>	<b>4,871</b>

## Cowra Shire Council

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

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		67	65
Contributions/Levies to Other Levels of Government		665	657
Councillor Expenses - Mayoral Fee		20	19
Councillor Expenses - Councillors' Fees		90	91
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		64	58
Electricity & Heating		666	449
Insurance		285	281
Street Lighting		137	229
Telephone & Communications		110	131
<b>Total Other Expenses</b>		<b>2,104</b>	<b>1,980</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,104</u></b>	<b><u>1,980</u></b>

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		-	249
less: Carrying Amount of Property Assets Sold		-	(95)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>154</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		279	739
less: Carrying Amount of P&E Assets Sold		(196)	(528)
<b>Net Gain/(Loss) on Disposal</b>		<b>83</b>	<b>211</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>83</u></b>	<b><u>365</u></b>

## Cowra Shire Council

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

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

\$ '000	Notes	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		4	-	1,083	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		10,760	-	11,530	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>10,764</b>	<b>-</b>	<b>12,613</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
Nil					
<b>Total Investment Securities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>10,764</b>	<b>-</b>	<b>12,613</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:**

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"

<b>10,764</b>	<b>-</b>	<b>12,613</b>	<b>-</b>
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**Investments**

Nil

## Cowra Shire Council

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

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments

	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
\$ '000				
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>10,764</b>	<b>-</b>	<b>12,613</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	7,362	-	8,248	-
Internal Restrictions (refer below)	3,217	-	3,486	-
Unrestricted	185	-	879	-
	<b>10,764</b>	<b>-</b>	<b>12,613</b>	<b>-</b>

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

## External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	74	39	(47)	66
Specific Purpose Unexpended Loans-Water (A)	508	-	(38)	470
<b>External Restrictions - Included in Liabilities</b>	<b>582</b>	<b>39</b>	<b>(85)</b>	<b>536</b>

## External Restrictions - Other

Developer Contributions - General (D)	311	117	(88)	340
Developer Contributions - Water Fund (D)	210	59	-	269
Developer Contributions - Sewer Fund (D)	126	102	-	228
Specific Purpose Unexpended Grants (F)	1,720	-	(1,381)	339
Water Supplies (G)	1,425	-	(544)	881
Sewerage Services (G)	3,444	1,066	-	4,510
Domestic Waste Management (G)	98	-	-	98
Capital Contributions	332	19	(190)	161
<b>External Restrictions - Other</b>	<b>7,666</b>	<b>1,363</b>	<b>(2,203)</b>	<b>6,826</b>
<b>Total External Restrictions</b>	<b>8,248</b>	<b>1,402</b>	<b>(2,288)</b>	<b>7,362</b>

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

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

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

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

## Cowra Shire Council

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

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

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	580	799	(907)	472
Employees Leave Entitlement	696	50	(140)	606
Carry Over Works	132	180	(132)	180
Caravan Park	126	27	-	153
Saleyards	68	65	-	133
Land Development	33	-	(33)	-
Election	55	10	(25)	40
Aerodrome	79	-	(40)	39
Waste	337	536	(280)	593
Works	243	336	(422)	157
RTA Warranty	118	53	(40)	131
Risk Management	87	15	-	102
POW Maintenance	3	-	-	3
Bad Debts	43	-	-	43
Workers Compensation	-	100	-	100
Main St Improvements	281	-	-	281
Environmental Projects	37	-	(26)	11
Fire Mitigation	9	2	-	11
Gravel Rehabilitation	59	283	(288)	54
Art Gallery	16	4	(2)	18
Unexpended RTA Funds	484	18	(484)	18
IT Equipment	-	10	-	10
Business Assistance	-	50	-	50
Futures 30	-	12	-	12
<b>Total Internal Restrictions</b>	<b>3,486</b>	<b>2,550</b>	<b>(2,819)</b>	<b>3,217</b>
<b>TOTAL RESTRICTIONS</b>	<b>11,734</b>	<b>3,952</b>	<b>(5,107)</b>	<b>10,579</b>

## Cowra Shire Council

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

## Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,391	-	1,160	-
Interest & Extra Charges		84	-	63	-
User Charges & Fees		3,175	-	2,067	-
Accrued Revenues					
- Other Income Accruals		1,040	-	74	-
Government Grants & Subsidies		71	-	68	-
Deferred Debtors		41	36	50	57
Net GST Receivable		270	-	16	-
<b>Total</b>		<b>6,072</b>	<b>36</b>	<b>3,498</b>	<b>57</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(13)	-	(13)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(13)</b>	<b>-</b>	<b>(13)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>6,059</u></b>	<b><u>36</u></b>	<b><u>3,485</u></b>	<b><u>57</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		189	-	174	-
- Other		1,187	-	1,162	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		798	-	1	-
- Rates & Availability Charges		449	-	358	-
<b>Total External Restrictions</b>		<b>2,623</b>	<b>-</b>	<b>1,695</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>3,436</b>	<b>36</b>	<b>1,790</b>	<b>57</b>
<b>TOTAL NET RECEIVABLES</b>		<b>6,059</b>	<b>36</b>	<b>3,485</b>	<b>57</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 is charged on overdue rates & charges at 9.00% (2009 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.



## Cowra Shire Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		195	-	195	-
Stores & Materials		1,059	-	1,010	-
<b>Total Inventories</b>		<b>1,254</b>	<b>-</b>	<b>1,205</b>	<b>-</b>
<b>Other Assets</b>					
Shares in Unlisted Companies - StateCover		132	-	113	-
<b>Total Other Assets</b>		<b>132</b>	<b>-</b>	<b>113</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,386</b>	<b>-</b>	<b>1,318</b>	<b>-</b>
<b>Details for Real Estate Development</b>					
Residential		195	-	195	-
<b>Total Real Estate for Resale</b>		<b>195</b>	<b>-</b>	<b>195</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition Costs		165	-	165	-
Development Costs		30	-	30	-
<b>Total Costs</b>		<b>195</b>	<b>-</b>	<b>195</b>	<b>-</b>
less: Provision for Under Recovery		-	-	-	-
<b>Total Real Estate for Resale</b>		<b>195</b>	<b>-</b>	<b>195</b>	<b>-</b>
<b>Movements:</b>					
Real Estate assets at beginning of the year		195	-	195	-
<b>Total Real Estate for Resale</b>		<b>195</b>	<b>-</b>	<b>195</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		4	-	4	-
<b>Total Water</b>		<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>
Total Externally Restricted Assets		4	-	4	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		1,382	-	1,314	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,386</b>	<b>-</b>	<b>1,318</b>	<b>-</b>

## Cowra Shire Council

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

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

	as at 30/6/2009					Asset Movements during the Reporting Period					as at 30/6/2010					
					Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)							
	At Cost	At Fair Value	Accumulated Deprec.	Impairment						At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value		
\$ '000																
Plant & Equipment	-	18,764	12,548	-	6,216	2,076	(196)	(1,205)	-	-	19,908	13,016	-	-	6,892	
Office Equipment	-	507	446	-	61	-	-	(26)	-	-	507	472	-	-	35	
Furniture & Fittings	-	714	413	-	301	-	-	(35)	-	-	714	448	-	-	266	
Land:																
- Operational Land	-	7,512	-	-	7,512	39	-	-	-	-	7,551	-	-	-	7,551	
- Community Land	20,311	-	-	-	20,311	-	-	-	-	20,311	-	-	-	-	20,311	
Buildings - Specialised	-	25,378	7,982	-	17,396	404	-	(390)	-	-	25,782	8,372	-	-	17,410	
Infrastructure:																
- Roads, Bridges, Footpaths	95,122	-	9,944	-	85,178	2,875	-	(1,146)	331,996	-	443,082	24,179	-	-	418,903	
- Bulk Earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Stormwater Drainage	8,166	-	1,670	-	6,496	3	-	(552)	19,844	-	35,421	9,630	-	-	25,791	
- Water Supply Network	-	92,320	54,163	-	38,157	2,050	-	(1,323)	1,145	-	97,140	57,111	-	-	40,029	
- Sewerage Network	-	34,443	14,508	-	19,935	4,004	-	(300)	598	-	39,481	15,243	-	-	24,238	
Other Assets:																
- Other	12,118	-	4,930	-	7,188	208	-	(427)	-	12,326	-	5,357	-	-	6,969	
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																
- Quarry Asset	174	-	26	-	148	-	-	(5)	-	174	-	33	-	-	141	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	135,891	179,638	106,630	-	208,899	11,659	(196)	(5,409)	353,583	32,811	669,586	133,861	-	-	568,536	

## Cowra Shire Council

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

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

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	606	417	189	-	614	365	249
Office Equipment	3	-	2	1	3	-	2	1
Land								
- Operational Land	-	1,121	-	1,121	-	1,121	-	1,121
Buildings	-	1,376	805	571	-	1,376	794	582
Infrastructure	-	97,140	57,110	40,030	-	92,320	54,163	38,157
<b>Total Water Supply</b>	<b>3</b>	<b>100,243</b>	<b>58,334</b>	<b>41,912</b>	<b>3</b>	<b>95,431</b>	<b>55,324</b>	<b>40,110</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	44	18	26	-	59	23	36
Land								
- Operational Land	-	1,849	-	1,849	-	1,849	-	1,849
Buildings	-	1,206	601	605	-	861	578	283
Infrastructure	-	39,481	15,243	24,238	-	34,443	14,508	19,935
<b>Total Sewerage Services</b>	<b>-</b>	<b>42,580</b>	<b>15,862</b>	<b>26,718</b>	<b>-</b>	<b>37,212</b>	<b>15,109</b>	<b>22,103</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	2,465	988	1,477	-	1,667	1,146	521
Land								
- Operational Land	-	540	-	540	-	540	-	540
Buildings	-	623	199	424	-	623	186	437
Other Assets	-	1,750	932	818	-	1,731	841	890
<b>Total DWM</b>	<b>-</b>	<b>5,378</b>	<b>2,119</b>	<b>3,259</b>	<b>-</b>	<b>4,561</b>	<b>2,173</b>	<b>2,388</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>3</b>	<b>148,201</b>	<b>76,315</b>	<b>71,889</b>	<b>3</b>	<b>137,204</b>	<b>72,606</b>	<b>64,601</b>

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

\$ '000

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Cowra Shire Council

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

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

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		1,728	-	1,678	-
Accrued Expenses:					
- Other Expenditure Accruals		135	-	92	-
Security Bonds, Deposits & Retentions		361	25	369	11
<b>Total Payables</b>		<b>2,224</b>	<b>25</b>	<b>2,139</b>	<b>11</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		652	14,132	728	9,879
<b>Total Borrowings</b>		<b>652</b>	<b>14,132</b>	<b>728</b>	<b>9,879</b>
<b>Provisions</b>					
Employee Benefits;					
Annual Leave		952	-	929	-
Long Service Leave		1,999	188	1,788	255
Sub Total - Aggregate Employee Benefits		2,951	188	2,717	255
Asset Remediation/Restoration (Future Works)	26	-	245	-	231
<b>Total Provisions</b>		<b>2,951</b>	<b>433</b>	<b>2,717</b>	<b>486</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>5,827</b>	<b>14,590</b>	<b>5,584</b>	<b>10,376</b>

## (i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	133	700	133	175
Water	147	3,427	329	3,488
Sewer	185	4,633	120	640
Liabilities relating to externally restricted assets	465	8,760	582	4,303
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>465</b>	<b>8,760</b>	<b>582</b>	<b>4,303</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.

## Cowra Shire Council

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

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

\$ '000	2010	2009
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	2,331	2,322
	<b>2,331</b>	<b>2,322</b>

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

Class of Provision	2009	Additional Provisions	Decrease due to Payments	2010	Unused amounts reversed	Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09			Remeasurement effects due to Discounting		
Annual Leave	929	637	(614)	-	-	952
Long Service Leave	2,043	311	(167)	-	-	2,187
Asset Remediation	231	14	-	-	-	245
<b>TOTAL</b>	<b>3,203</b>	<b>962</b>	<b>(781)</b>	<b>-</b>	<b>-</b>	<b>3,384</b>

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

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

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

\$ '000	Notes	Actual 2010	Actual 2009
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	10,764	12,613
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>10,764</b>	<b>12,613</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>2,370</b>	<b>1,344</b>
Adjust for non cash items:			
Depreciation & Amortisation		4,920	4,871
Net Losses/(Gains) on Disposal of Assets		(83)	(365)
Non Cash Capital Grants and Contributions		(156)	(294)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		(20)	(19)
Unwinding of Discount Rates on Reinstatement Provisions		14	13
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(2,583)	(583)
Decrease/(Increase) in Inventories		(49)	(35)
Decrease/(Increase) in Other Current Assets		(19)	(18)
Increase/(Decrease) in Payables		50	424
Increase/(Decrease) in other accrued Expenses Payable		43	(302)
Increase/(Decrease) in Other Current Liabilities		6	29
Increase/(Decrease) in Employee Leave Entitlements		167	357
<b>NET CASH PROVIDED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>4,660</b>	<b>5,422</b>
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Bushfire Grants		156	294
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>156</b>	<b>294</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>		900	900
Credit Cards / Purchase Cards		29	29
<b>Total Financing Arrangements</b>		<b>929</b>	<b>929</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		8	-
<b>Total Financing Arrangements Utilised</b>		<b>8</b>	<b>-</b>



## Cowra Shire Council

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

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

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**\$ '000**

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**(d) Financing Arrangements (continued)****(ii) Secured Loan Liabilities**

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

**(e) Net Cash Flows Attributable to Discontinued Operations**

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 12. Commitments for Expenditure

## (a) Capital Commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

**Property, Plant & Equipment**

Plant & Equipment	6,182	-
<b>Total Commitments</b>	<b>6,182</b>	<b>-</b>

**These expenditures are payable as follows:**

Within the next year	6,182	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
<b>Total Payable</b>	<b>6,182</b>	<b>-</b>

**Sources for Funding of Capital Commitments:**

Future Grants & Contributions	2,047	-
Loan Funding (not yet drawn)	4,135	-
<b>Total Sources of Funding</b>	<b>6,182</b>	<b>-</b>

## (b) Other Expenditure Commitments (exclusive of GST)

Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Cleaning Services	35	87
Audit Services	59	85
Ordinance Services	320	460
Other	-	40
<b>Total Commitments</b>	<b>414</b>	<b>672</b>

**These expenditures are payable as follows:**

Within the next year	222	272
Later than one year and not later than 5 years	192	400
Later than 5 years	-	-
<b>Total Payable</b>	<b>414</b>	<b>672</b>

## Cowra Shire Council

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

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Finance Lease Commitments</b>			
Nil			
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		166	166
Later than one year and not later than 5 years		-	166
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>166</b>	<b>332</b>

**b. Non Cancellable Operating Leases include the following assets:**

Computer Equipment

**Conditions relating to Operating Leases:**

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

**(e) Remuneration Commitments**

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

Within the next year	185	342
Later than one year and not later than 5 years	538	685
Later than 5 years	-	-
<b>Total Payable</b>	<b>723</b>	<b>1,027</b>

## Cowra Shire Council

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

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

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 20092008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	8,220	2.71 : 1	2.79	3.15
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	3,031			
2. Debt Service Ratio				
Debt Service Cost	1,425	5.58%	4.28%	4.85%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	25,520			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	10,607	36.57%	34.73%	40.75%
Revenue from Continuing Operations	29,003			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	1,462	12.25%	10.67%	9.94%
Rates, Annual & Extra Charges Collectible	11,931			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	2,435	65.62%	151.98%	162.08%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	3,711			

## Notes

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

Also excludes any Real Estate &amp; 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(c) - 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 or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

## Cowra Shire Council

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

#### Note 14. Investment Properties

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

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2010	2009	2010	2009
<b>Financial Assets</b>				
Cash and Cash Equivalents	10,764	12,613	10,764	12,613
Receivables	6,095	3,542	6,095	3,542
Other Financial Assets	132	113	132	113
<b>Total Financial Assets</b>	<b>16,991</b>	<b>16,268</b>	<b>16,991</b>	<b>16,268</b>
<b>Financial Liabilities</b>				
Payables	2,249	2,150	2,249	2,150
Loans / Advances	14,784	10,607	14,784	10,607
<b>Total Financial Liabilities</b>	<b>17,033</b>	<b>12,757</b>	<b>17,033</b>	<b>12,757</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.

## Cowra Shire Council

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

#### Note 15. Financial Risk Management

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\$ '000

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2010</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	98	-	(98)	-
<b>2009</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	106	-	(106)	-



## Cowra Shire Council

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

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) Receivables

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

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

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

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

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	3,236	-	2,335
Past due	1,391	1,481	1,160	60
	<b>1,391</b>	<b>4,717</b>	<b>1,160</b>	<b>2,395</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2010	2009
Balance at the beginning of the year			13	13
<b>Balance at the end of the year</b>			<b>13</b>	<b>13</b>

## Cowra Shire Council

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

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2010									
Trade/Other Payables	386	1,863	-	-	-	-	-	2,249	2,249
Loans & Advances	-	652	726	741	700	711	11,254	14,784	14,784
Total Financial Liabilities	386	2,515	726	741	700	711	11,254	17,033	17,033
2009									
Trade/Other Payables	380	1,770	-	-	-	-	-	2,150	2,150
Loans & Advances	-	291	721	611	649	599	7,736	10,607	10,607
Total Financial Liabilities	380	2,061	721	611	649	599	7,736	12,757	12,757

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

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

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,249	0.0%	2,150	0.0%
Loans & Advances - Fixed Interest Rate	14,784	7.0%	10,607	6.7%
	<u>17,033</u>		<u>12,757</u>	

## Cowra Shire Council

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

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 29 June 2009.

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

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

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

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

\$ '000	2010 Budget	2010 Actual	2010 Variance*	
<b>REVENUES</b>				
<b>User Charges &amp; Fees</b>	<b>8,165</b>	<b>9,632</b>	<b>1,467</b>	<b>18% F</b>
User Charges & Fees exceeded the budgeted amount due to increased Roads and Traffic Authority income.				
<b>Other Revenues</b>	<b>693</b>	<b>850</b>	<b>157</b>	<b>23% F</b>
Other Revenues exceeded the budgeted amount due to increased Gravel oncost income.				
<b>Capital Grants &amp; Contributions</b>	<b>7,755</b>	<b>3,063</b>	<b>(4,692)</b>	<b>(61%) U</b>
Capital Grants & Contributions were less than budgeted due to lower subsidy receipts associated with the Sewer Treatment Plant and Emergency Water Supply projects.				
<b>Net Gains from Disposal of Assets</b>	<b>-</b>	<b>83</b>	<b>83</b>	<b>0% F</b>

\$ '000	2010 Budget	2010 Actual	2010 Variance*	
<b>EXPENSES</b>				
<b>Borrowing Costs</b>	<b>1,699</b>	<b>726</b>	<b>973</b>	<b>57% F</b>
Borrowing costs were less than budgeted due to lower borrowings for the Sewer Treatment Plant and Emergency Water Supply projects.				
<b>Materials &amp; Contracts</b>	<b>11,150</b>	<b>8,365</b>	<b>2,785</b>	<b>25% F</b>
Council's budget is based on a "normal" mix of self-constructed and contract works. The process of calling and accepting tenders during the year can result in substantial changes to this mix, resulting in significant budget variations in this item.				
<b>Other Expenses</b>	<b>2,354</b>	<b>2,104</b>	<b>250</b>	<b>11% F</b>
Other Expenses were less than budgeted due to savings realised for Street Lighting and Telephone / Communications expenses.				

## Cowra Shire Council

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

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	55	-	-	-	-	-	55	-	-	55	-
Roads	147	22	-	9	(71)	-	107	-	-	107	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	73	-	-	4	-	-	77	-	-	77	-
Open Space	19	-	-	1	(5)	-	15	-	-	15	-
Community Facilities	6	6	-	3	-	-	15	-	-	15	-
Other	6	1	-	-	-	-	7	-	-	7	-
<b>S94 Contributions - under a Plan</b>	<b>306</b>	<b>29</b>	<b>-</b>	<b>17</b>	<b>(76)</b>	<b>-</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>276</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>5</b>	<b>51</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>57</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>311</b>	<b>80</b>	<b>-</b>	<b>18</b>	<b>(76)</b>	<b>-</b>	<b>333</b>				<b>-</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	336	161	-	19	(12)	-	504				
<b>Total Contributions</b>	<b>647</b>	<b>241</b>	<b>-</b>	<b>37</b>	<b>(88)</b>	<b>-</b>	<b>837</b>	<b>-</b>	<b>-</b>	<b>276</b>	<b>-</b>

## Cowra Shire Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - COWRA SHIRE COUNCIL

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	55	-	-	-	-	-	55	-	-	55	-
Roads	147	22	-	9	(71)	-	107	-	-	107	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	73	-	-	4	-	-	77	-	-	77	-
Open Space	19	-	-	1	(5)	-	15	-	-	15	-
Community Facilities	6	6	-	3	-	-	15	-	-	15	-
Other	6	1	-	-	-	-	7	-	-	7	-
<b>Total</b>	<b>306</b>	<b>29</b>	<b>-</b>	<b>17</b>	<b>(76)</b>	<b>-</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>276</b>	<b>-</b>

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - COWRA SHIRE COUNCIL

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	5	51	-	1	-	-	57	-	-	57	-
<b>Total</b>	<b>5</b>	<b>51</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>-</b>

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

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

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

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

The 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 and that member Councils will need to make significantly higher contributions from 2009/10 & beyond.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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



## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

**LIABILITIES NOT RECOGNISED** (continued):**2. Other Liabilities****(i) Third Party Claims**

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

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

**(ii) S94 Plans**

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

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

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

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

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

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

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

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

**ASSETS NOT RECOGNISED:****(i) Land Under Roads**

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

**(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 updated 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.

## Cowra Shire Council

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

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

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

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

\$ '000	Notes	Actual 2010	Actual 2009
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## a. Retained Earnings

**Movements in Retained Earnings were as follows:**

Balance at beginning of Year (from previous years audited accounts)		156,179	154,759
a. Correction of Prior Period Errors	20 (c)	8,664	8,664
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		2,370	1,344
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	76
g. Other Changes		-	-
<b>Balance at End of the Reporting Period</b>		<b>167,213</b>	<b>164,843</b>

## b. Reserves

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	399,151	45,568
- "Available for Sale" Financial Investments Revaluation Reserve	-	-
- Other Reserves (Specify)	-	-
<b>Total</b>	<b>399,151</b>	<b>45,568</b>

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

- Opening Balance	45,568	43,953
- Revaluations for the year	353,583	1,691
- Transfer to Retained Earnings for Asset disposals	-	(76)
<b>- Balance at End of Year</b>	<b>399,151</b>	<b>45,568</b>
<b>TOTAL VALUE OF RESERVES</b>	<b>399,151</b>	<b>45,568</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.

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
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## c. Correction of Error/s relating to a Previous Reporting Period

As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:

## (i) Roads, Bridges, Footpaths &amp; (ii) Drainage

As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.

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

Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in this report).

As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;

Road Asset Class (increase)/decrease to accumulated depreciation	3,824	
Bridge Asset Class (increase)/decrease to accumulated depreciation	(68)	
Footpath Asset Class (increase)/decrease to accumulated depreciation	73	
Drainage Asset Class (increase)/decrease to accumulated depreciation	4,835	

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

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

**These amounted to the following Equity Adjustments:**

- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year end and prior periods)	-	-
- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)	8,664	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>	<b>8,664</b>	<b>-</b>

## d. Voluntary Changes in Accounting Policies

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

## Cowra Shire Council

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

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

<b>Income Statement by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b><u>Continuing Operations</u></b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	1,637	2,514	6,456
User Charges & Fees	2,164	-	7,468
Interest & Investment Revenue	33	35	536
Other Revenues	56	142	652
Grants & Contributions provided for Operating Purposes	786	42	3,336
Grants & Contributions provided for Capital Purposes	976	1,056	1,031
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	83
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>5,652</b>	<b>3,789</b>	<b>19,562</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	2,131	848	7,539
Borrowing Costs	229	85	412
Materials & Contracts	1,280	510	6,575
Depreciation & Amortisation	1,393	332	3,195
Impairment	-	-	-
Other Expenses	203	-	1,901
<b>Total Expenses from Continuing Operations</b>	<b>5,236</b>	<b>1,775</b>	<b>19,622</b>
<b>Operating Result from Continuing Operations</b>	<b>416</b>	<b>2,014</b>	<b>(60)</b>
<b><u>Discontinued Operations</u></b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>416</b>	<b>2,014</b>	<b>(60)</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>416</b>	<b>2,014</b>	<b>(60)</b>
<b>Net Operating Result attributable to Minority 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>(560)</b>	<b>958</b>	<b>(1,091)</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 &amp; recoveries made between the Funds.

## Cowra Shire Council

## Notes to the Financial Statements

as at 30 June 2010

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

<b>Balance Sheet by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	1,620	4,738	4,406
Investments	-	-	-
Receivables	1,376	1,247	3,436
Inventories	4	-	1,250
Other	-	-	132
Non-current assets classified as "held for sale"	-	-	-
<b>Total Current Assets</b>	<b>3,000</b>	<b>5,985</b>	<b>9,224</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	36
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	41,910	26,718	499,908
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>41,910</b>	<b>26,718</b>	<b>499,944</b>
<b>TOTAL ASSETS</b>	<b>44,910</b>	<b>32,703</b>	<b>509,168</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	36	24	2,164
Borrowings	57	139	456
Provisions	42	22	2,887
<b>Total Current Liabilities</b>	<b>135</b>	<b>185</b>	<b>5,507</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	25
Borrowings	3,311	4,613	6,208
Provisions	128	20	285
<b>Total Non-Current Liabilities</b>	<b>3,439</b>	<b>4,633</b>	<b>6,518</b>
<b>TOTAL LIABILITIES</b>	<b>3,574</b>	<b>4,818</b>	<b>12,025</b>
<b>Net Assets</b>	<b>41,336</b>	<b>27,885</b>	<b>497,143</b>
<b>EQUITY</b>			
Retained Earnings	17,416	13,637	136,160
Revaluation Reserves	23,920	14,248	360,983
<b>Total Equity</b>	<b>41,336</b>	<b>27,885</b>	<b>497,143</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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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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 Balance Sheet Date

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Events that occur after the reporting date of 30 June 2010, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

**Accordingly, the "authorised for issue" date is 01/11/10.**

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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



## Cowra Shire Council

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

#### Note 25. Intangible Assets

\$ '000

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

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

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

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2010	2009
Quarries	2044	245	231
<b>Balance at End of the Reporting Period</b>	<b>10</b>	<b>245</b>	<b>231</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	231	218
Amortisation of discount (expensed to borrowing costs)	14	13
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>245</b>	<b>231</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.

## Cowra Shire Council

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

#### Note 27. Additional Council Disclosures - Council Information

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**Principal Place of Business:**

116 Kendal Street  
Cowra, NSW 2794

**Contact Details****Mailing Address:**

Private Bag 342  
Cowra, NSW 2794

**Opening Hours**

Monday to Friday  
8.30am to 4.30pm

**Telephone:** 02 6340 2000

**Facsimile:** 02 6340 2011

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

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

INDEPENDENT AUDITOR'S REPORT  
ON THE GENERAL PURPOSE FINANCIAL REPORT OF  
COWRA SHIRE COUNCIL

**Report on the Financial Report**

We have audited the accompanying financial report of Cowra Shire Council for the financial year ended 30 June 2010. The financial report comprises the Statement by Council, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Cash Flow Statement, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them.

**Councils' Responsibility for the Financial Report**

The Council are 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 report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors Responsibility**

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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

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 Report

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

### Audit Opinion

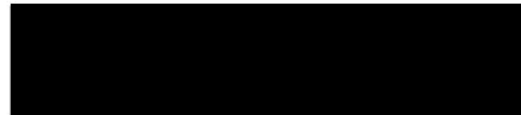
In our opinion:

- (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 report:
  - (i) has been prepared in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly the Council's financial position, the results of its operations and cashflows; and
  - (iv) is in accordance with applicable Australian Accounting Standards, and other mandatory professional reporting requirements.
- (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 report that have come to light in the course of the audit.



MORSE GROUP

237 Lords Place  
Orange  
Dated: 29 October 2010



JD O'MALLEY  
PARTNER



INDEPENDENT AUDITOR'S REPORT  
ON THE CONDUCT OF THE AUDIT OF  
COWRA SHIRE COUNCIL

We have audited the financial reports of Cowra Shire Council for the financial year ended 30 June 2010. The financial reports include the general purpose consolidated accounts of the economic entity comprising the Council and its controlled entities and the special purpose financial report, detailing the income and expenditure of Council's business units and their financial position at balance date. The contents of both of these reports include the Council's Certificate as required by section 413(2) (c) of the Local Government Act 1993. The Council is responsible for the preparation and presentation of the financial reports and the information they contain. We have conducted an independent audit of these financial reports in order to express an opinion on them to the Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Cowra Shire Council for the year ended 30 June 2010. 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 report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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.

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

## *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 \$2,370,000 (2009 - \$1,344,000). Selected items of note in the operating statement include:

- The operating result from ordinary activities *before* capital amounts was a deficit of \$693,000 (2009 deficit - \$21,000).
- Income from user charges & fees decreased to \$9,632,000 (2009 - \$10,685,000) the reduction is because the 2009 income was boosted by the private works contract to construct the Pridham Street subdivision.
- Interest and investment income fell 27% to \$604,000 (2009 - \$828,000) the decrease coming through lower levels of funds invested.
- Grants and Contributions for Operating purposes decreased \$1,030,000 to \$4,164,000 (2009 - \$5,194,000) due to a reduction in the Financial Assistance Grant (FAG).
- Capital grants increased by \$1,698,000 to \$3,063,000 (2009 - \$1,365,000) following grants of \$895K and \$962K for emergency water supply & sewer treatment plant augmentation projects.
- Materials & contract costs decreased by \$1,192,000 to \$8,365,000 (2009 - \$9,557,000) largely due to the materials required for the private works contract for the Pridham Street subdivision last year.

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 2010 Council's net assets stood at \$566,364,000 (2009 - \$210,411,000), which represents an increase of \$355,953,000. The increase represents the net operating surplus after capital amounts of \$2,370,000 and a \$353,583,000 transfer to the asset revaluation reserve following the revaluation of roads, bridges, footpaths and drainage infrastructure.

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: -

	2010 \$'000	2009 \$'000
Net current assets	12,382	11,832
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(9,989)	(9,947)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(3,217)	(3,486)
Add: Applicable current liabilities refer Note 10		
- Domestic Waste Management	133	133
- Water Supply	147	329
- Sewerage Services	185	120
Add: Employee Leave Entitlements to be paid > 12 months	2,331	2,322
Unrestricted net current asset surplus/(deficit)	1,972	1,303

Unrestricted net current assets comprise: -

*Assets*

Cash	185	879
Receivables	3,436	1,790
Real estate development land	195	195
Inventories	1,055	1,006
Other	132	113
Less:	5,003	3,983
Liabilities	(5,362)	(5,002)
Plus:		
Employee Leave Entitlements To be paid > 12 months	2,331	2,322
Unrestricted net current asset surplus/ (deficit)	1,972	1,303

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

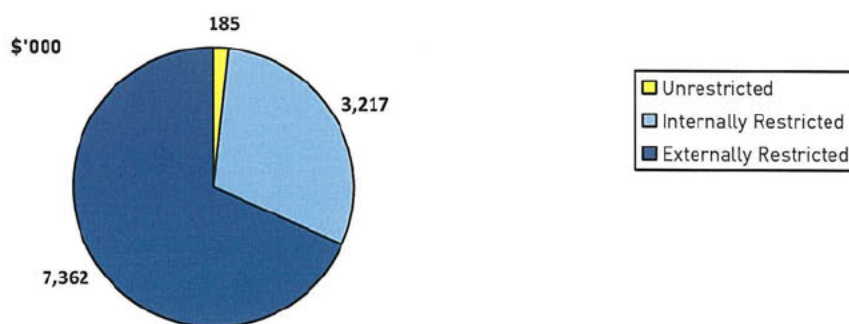
The following table shows the impact of these funding decisions on Council's calculated net current asset position:



#### Cash & Investments

Note 6 to the accounts discloses total cash and investments of \$10,764,000 (2009 - \$12,613,000), of this amount \$7,362,000 (2009 - \$8,248,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$3,217,000 (2009 - \$3,486,000) 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 \$185,000 (2009 - \$879,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements and reflects Council's sound financial position.



Whilst the consolidated financial report 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.

(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 Council's ability to satisfy obligations out of short-term and immediate asset balances.

Council's ratio of 2.71:1 indicates council is able to meet it's 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 5.58% (2009 – 4.28%) Cowra Shire Council's ratio is below these industry benchmarks and represents manageable debt.

*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.

In relation to rates, a high level of dependency on rates income provides Council with a degree of flexibility in the nature and timing of how funds are spent. The purpose of this ratio is to assess the degree of dependence upon revenues from rates and annual charges and to assess the security of Council's income.

Cowra Shire Council's ratio of 36.57% (2009 – 34.73%) is up on the prior period due to the impact of private works income on the 2009 year.

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

*Rates & Annual Charges, Interest & Extra Charges Outstanding Ratio*

The rates and annual charges, interest and extra charges outstanding percentage is a measure of management efficiency.

Cowra Shire Council's rates and annual charges, interest and extra charges outstanding percentage of 12.25% (2009 – 10.67%) has deteriorated further compared with the prior period.

Despite the efforts of management, the prevailing economic conditions and the fact that some water debts relate to connections outside Cowra Shire are hindering Council's ability to collect all revenue.

*Assets Renewal 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.

The distinction between replacements, renewals and repairs is not well defined, making it difficult to make meaningful analysis with this ratio, superficially the fact that this ratio is at 65.62% and has been in excess of 100% for the previous two years 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 \$1,849,000 (2009 decrease - \$1,096,000) as follows:

	2010 \$'000	2009 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	4,660	5,422	(762)
Investing activities	(10,686)	(7,611)	(3,075)
Financing activities	4,177	1,093	3,084
Net increase / (decrease) in cash held	(1,849)	(1,096)	(753)

*Cash flows from operating activities*

The cashflows provided by operating activities has decreased against the prior financial year, the main reason being the reduction in private works income. All material movements have been explained in the income statement above.

*Cash flows from investing activities*

The major cash inflows and outflows from investing activities related to the sale and acquisition of infrastructure, property, plant and equipment.

*Cash flows from financing activities*

The net cash inflows from financing activities were \$4,177,000 (2009 - \$1,093,000), and comprises new borrowings drawn \$4,125,000 for the sewer treatment plant, \$538,000 for the upgrade of the recycling plant and \$225,000 for effluent screens at the saleyards less repayments of loan principal totaling \$711,000.

(e) Comparison of Actual and Budgeted Performance

Council's operating result from ordinary activities after capital amounts of \$2,370,000 was consistent with Council's original estimates.

The nature of this report does not lend itself to detailed analysis of individual budget variations, Note 16 of Council's financial statements addresses the contributing factors to budget variations in detail.

**(f) Other Matters**

**National Competition Policy**

In accordance with the requirements of National Competition Policy guidelines, Cowra Shire Council has prepared a special purpose financial report on its business units for the year ended 30 June 2010. Council has determined that it has two business units within its operations: Water and Sewerage.

The Department 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 2010 has been issued.

**Management Letters**

Our most recent management letter was issued on 9 April 2010.

**(g) Progress of Asset Revaluation Program**

In Circular 09/09, the Department of Local Government advised the industry that revaluations of roads, drainage and related infrastructure was to occur in the year ending 30 June 2010.

Cowra Shire Council has completed it's revaluation of roads, bridges and footpaths in the required timeframe and of a suitably professional nature.

**(h) Legislative compliance**

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial reports that have come to our attention during the conduct of the audit and Cowra Shire Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

**Matters Relating to the Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of Cowra Shire Council for the year ended 30 June 2010 included on Council's web site. Council is responsible for the integrity of their web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial 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 report and allowed proper and effective audit of this report;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial reports and allowed proper and effective audit of this report; and
- (c) All information relevant to the conduct of the audit has been obtained.



MORSE GROUP

237 Lords Place  
Orange

Dated: 29 October 2010



D O'MALLEY  
PARTNER



# Cowra Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

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*"A leading, innovative and creative  
community, proud of our place in history,  
offering opportunity with the best of country living"*



## Cowra Shire Council

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

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Statements:</b>	
- Income Statement of Water Supply Business Activity	3
- Income Statement of Sewerage Business Activity	4
- Income Statement of Other Business Activities	n/a
- Balance Sheet of Water Supply Business Activity	5
- Balance Sheet of Sewerage Business Activity	6
- Balance Sheet of Other Business Activities	n/a
<b>3. Notes to the Special Purpose Financial Statements</b>	<b>7</b>
<b>4. Auditor's Report</b>	<b>16</b>

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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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## Cowra Shire Council

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

### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

**The attached Special Purpose Financial 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 26 July 2010.**

  
Cr W.J. West  
MAYOR  
Cr I.M. Brown  
COUNCILLOR  
Mr P. Devery  
GENERAL MANAGER  
Mr G. Apthorpe  
RESPONSIBLE ACCOUNTING OFFICER

## Cowra Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
<b>Income from continuing operations</b>			
Access charges	1,637	1,529	1,515
User charges	2,164	1,961	1,833
Fees	-	-	-
Interest	33	34	19
Grants and contributions provided for non capital purposes	786	833	737
Profit from the sale of assets	-	81	-
Other income	56	-	46
<b>Total income from continuing operations</b>	<b>4,676</b>	<b>4,438</b>	<b>4,150</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	2,131	1,782	1,697
Borrowing costs	229	244	217
Materials and contracts	1,280	1,870	1,179
Depreciation and impairment	1,393	1,333	949
Water purchase charges	203	203	232
Loss on sale of assets	-	-	-
Calculated taxation equivalents	16	19	27
Debt guarantee fee (if applicable)	3	4	3
Other expenses	-	-	-
<b>Total expenses from continuing operations</b>	<b>5,255</b>	<b>5,455</b>	<b>4,304</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(579)</b>	<b>(1,017)</b>	<b>(154)</b>
Grants and contributions provided for capital purposes	976	53	56
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>397</b>	<b>(964)</b>	<b>(98)</b>
Surplus (deficit) from Discontinued Operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>397</b>	<b>(964)</b>	<b>(98)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>397</b>	<b>(964)</b>	<b>(98)</b>
plus Opening Retained Profits	17,000	17,941	31,371
plus/less: Prior Period Adjustments	-	-	(13,362)
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	16	19	27
- Debt guarantee fees	3	4	3
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>17,416</b>	<b>17,000</b>	<b>17,941</b>
Return on Capital %	-0.8%	-1.9%	0.2%
Subsidy from Council	2,487	3,073	2,495
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	397	(964)	(98)
less: Capital grants and contributions (excluding developer contributions)	(895)	(40)	(15)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Cowra Shire Council

# Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
<b>Income from continuing operations</b>			
Access charges	2,514	2,352	2,348
User charges	-	-	-
Liquid Trade Waste Charges	-	-	-
Fees	-	-	-
Interest	35	31	20
Grants and contributions provided for non capital purposes	42	41	41
Profit from the sale of assets	-	12	-
Other income	142	132	123
<b>Total income from continuing operations</b>	<b>2,733</b>	<b>2,568</b>	<b>2,532</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	848	731	668
Borrowing costs	85	49	56
Materials and contracts	510	666	464
Depreciation and impairment	332	254	316
Loss on sale of assets	-	-	-
Calculated taxation equivalents	24	24	24
Debt guarantee fee (if applicable)	1	1	1
Other expenses	-	-	-
<b>Total expenses from continuing operations</b>	<b>1,800</b>	<b>1,725</b>	<b>1,529</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>933</b>	<b>843</b>	<b>1,003</b>
Grants and contributions provided for capital purposes	1,056	23	66
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>1,989</b>	<b>866</b>	<b>1,069</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>1,989</b>	<b>866</b>	<b>1,069</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(280)	(253)	(301)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,709</b>	<b>613</b>	<b>768</b>
<b>plus Opening Retained Profits</b>	<b>11,623</b>	<b>10,732</b>	<b>10,839</b>
<b>plus/less: Prior Period Adjustments</b>	<b>-</b>	<b>-</b>	<b>(1,201)</b>
<b>plus Adjustments for amounts unpaid:</b>			
- Taxation equivalent payments	24	24	24
- Debt guarantee fees	1	1	1
- Corporate taxation equivalent	280	253	301
<b>less:</b>			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>13,637</b>	<b>11,623</b>	<b>10,732</b>
<b>Return on Capital %</b>	<b>3.8%</b>	<b>4.0%</b>	<b>5.1%</b>
<b>Subsidy from Council</b>	<b>345</b>	<b>333</b>	<b>270</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	1,709	613	768
less: Capital grants and contributions (excluding developer contributions)	(962)	-	(26)
<b>Surplus for dividend calculation purposes</b>	<b>747</b>	<b>613</b>	<b>742</b>
<b>Potential Dividend calculated from surplus</b>	<b>374</b>	<b>307</b>	<b>371</b>

## Cowra Shire Council

## Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2010

<b>\$ '000</b>	<b>Actual 2010</b>	<b>Actual 2009</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,620	2,143
Investments	-	-
Receivables	1,376	1,336
Inventories	4	4
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>3,000</b>	<b>3,483</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	41,910	40,110
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>41,910</b>	<b>40,110</b>
<b>TOTAL ASSETS</b>	<b>44,910</b>	<b>43,593</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	36	57
Interest bearing liabilities	57	212
Provisions	42	60
<b>Total Current Liabilities</b>	<b>135</b>	<b>329</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	3,311	3,368
Provisions	128	120
<b>Total Non-Current Liabilities</b>	<b>3,439</b>	<b>3,488</b>
<b>TOTAL LIABILITIES</b>	<b>3,574</b>	<b>3,817</b>
<b>NET ASSETS</b>	<b>41,336</b>	<b>39,776</b>
<b>EQUITY</b>		
Retained earnings	17,416	17,000
Revaluation reserves	23,920	22,776
Council equity interest	41,336	39,776
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>41,336</b>	<b>39,776</b>



## Cowra Shire Council

## Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2010

<b>\$ '000</b>	<b>Actual 2010</b>	<b>Actual 2009</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,738	3,570
Investments	-	-
Receivables	1,247	359
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>5,985</b>	<b>3,929</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	26,718	22,103
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>26,718</b>	<b>22,103</b>
<b>TOTAL ASSETS</b>	<b>32,703</b>	<b>26,032</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	24	6
Interest bearing liabilities	139	101
Provisions	22	13
<b>Total Current Liabilities</b>	<b>185</b>	<b>120</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	4,613	628
Provisions	20	12
<b>Total Non-Current Liabilities</b>	<b>4,633</b>	<b>640</b>
<b>TOTAL LIABILITIES</b>	<b>4,818</b>	<b>760</b>
<b>NET ASSETS</b>	<b>27,885</b>	<b>25,272</b>
<b>EQUITY</b>		
Retained earnings	13,637	11,623
Revaluation reserves	14,248	13,649
Council equity interest	27,885	25,272
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>27,885</b>	<b>25,272</b>

## Cowra Shire Council

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

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

<b>Note</b>	<b>Details</b>	<b>Page</b>
<b>1</b>	Summary of Significant Accounting Policies	<b>8</b>
<b>2</b>	Water Supply Business Best Practice Management disclosure requirements	<b>11</b>
<b>3</b>	Sewerage Business Best Practice Management disclosure requirements	<b>13</b>

## Cowra Shire Council

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

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Cowra Shire Council Water Supply

Water supply activities servicing the town of Cowra, surrounding villages & rural properties.

##### Category 2

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

##### a. Cowra Shire Sewerage Service

Sewerage reticulation & treatment activities servicing the town of Cowra.

#### Monetary Amounts

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

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

#### (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.

## Cowra Shire Council

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

#### Note 1. Significant Accounting Policies (continued)

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

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

##### **Notional Rate Applied %**

###### Corporate Income Tax Rate – 30%

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

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

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

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

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

##### **Income Tax**

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

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into

account of in terms of assessing the rate of return required on capital invested.

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

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

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

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

##### **Local Government Rates & Charges**

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

##### **Loan & Debt Guarantee Fees**

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

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

##### **(ii) Subsidies**

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

## Cowra Shire Council

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

#### Note 1. Significant Accounting Policies (continued)

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

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2010 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

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

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

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

The Rate of Return on Capital is calculated as follows:

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

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

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

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

#### (iv) Dividends

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

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

## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2010Note 2. Water Supply Business  
Best Practice Management disclosure requirements

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

2010

**1. Calculation and Payment of Tax-Equivalents**

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

(i) Calculated Tax Equivalents	19,000
(ii) No of assessments multiplied by \$3/assessment	-
(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	-
(iii) Cumulative surplus before Dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	(1,615,000)

2010 Surplus	(498,000)	2009 Surplus	(1,004,000)	2008 Surplus	(113,000)
		2009 Dividend	-	2008 Dividend	-

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

**3. Required outcomes for 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]	YES
(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	NO
b. Complete and implement Integrated Water Cycle Management Strategy	NO



## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2010Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

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

2010

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	<b>Total Revenue (Water)</b> Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	4,725
<b>NWI F4</b>	<b>Revenue from Residential Usage Charges (Water)</b> 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)]	%	49.57%
<b>NWI F9</b>	<b>Written Down Replacement Cost of Fixed Assets (Water)</b> Written down current cost of system assets (w47)	\$'000	40,030
<b>NWI F11</b>	<b>Operating Cost (OMA) (Water)</b> Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	3,414
<b>NWI F14</b>	<b>Capital Expenditure (Water)</b> Acquisition of fixed assets (w16)	\$'000	2,050
<b>NWI F17</b>	<b>Economic Real Rate of Return (Water)</b> [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.20%
<b>NWI F26</b>	<b>Capital Works Grants (Water)</b> Grants for the Acquisition of Assets (w11a)	\$'000	895

Notes: 1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.

2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2010Note 3. Sewerage Business  
Best Practice Management disclosure requirements

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

2010

**1. Calculation and Payment of Tax-Equivalents**

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

(i) Calculated Tax Equivalents	25,000
(ii) No of assessments multiplied by \$3/assessment	-
(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]	373,550
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	-
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	2,102,300

2010 Surplus	747,100	2009 Surplus	613,100	2008 Surplus	742,100
		2009 Dividend	-	2008 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(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	NO
b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2010Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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

2010

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	<b>Total Revenue (Sewerage)</b> Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	2,744
<b>NWI F10</b>	<b>Written Down Replacement Cost of Fixed Assets (Sewerage)</b> Written down current cost of system assets (s48)	\$'000	24,239
<b>NWI F12</b>	<b>Operating Cost (Sewerage)</b> Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	1,282
<b>NWI F15</b>	<b>Capital Expenditure (Sewerage)</b> Acquisition of Fixed Assets (s17)	\$'000	4,349
<b>NWI F18</b>	<b>Economic Real Rate of Return (Sewerage)</b> [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)]	%	4.23%
<b>NWI F27</b>	<b>Capital Works Grants (Sewerage)</b> Grants for the Acquisition of Assets (12a)	\$'000	962

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

<b>NWI F3</b>	<b>Total Income (Water &amp; Sewerage)</b> 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	7,467
<b>NWI F8</b>	<b>Revenue from Community Service Obligations (Water &amp; Sewerage)</b> Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.39%
<b>NWI F16</b>	<b>Capital Expenditure (Water &amp; Sewerage)</b> Acquisition of Fixed Assets (w16 + s17)	\$'000	6,399
<b>NWI F19</b>	<b>Economic Real Rate of Return (Water &amp; Sewerage)</b> [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)]	%	1.53%
<b>NWI F20</b>	<b>Dividend (Water &amp; Sewerage)</b> Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	<b>Dividend Payout Ratio (Water &amp; Sewerage)</b> Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2010Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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

2010

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

<b>NWI F22</b>	<b>Net Debt to Equity (Water &amp; Sewerage)</b>	%	<b>2.55%</b>
	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>	<b>Interest Cover (Water &amp; Sewerage)</b>		<b>4</b>
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		<b>1,048</b>
	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:		<b>274</b>
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	<b>Net Profit After Tax (Water &amp; Sewerage)</b>	\$'000	<b>572</b>
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
<b>NWI F25</b>	<b>Community Service Obligations (Water &amp; Sewerage)</b>	\$'000	<b>104</b>
	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 REPORT OF  
COWRA SHIRE COUNCIL

**Report on the Financial Report**

We have audited the special purpose financial report of Cowra Shire Council for the year ended 30 June 2010, 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 Report**

The Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the Council and the Department 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 report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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 report.

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

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



## Independence

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

## Matters Relating to the Electronic Presentation of the Audited Financial Report


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

## Audit Opinion

In our opinion, the special purpose financial report of Cowra Shire Council is 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.

  
**MORSE GROUP**

237 Lords Place  
Orange  
Dated: 29 October 2010

  
**J. O. MALLEY**  
PARTNER



# Cowra Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2010

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*"A leading, innovative and creative  
community, proud of our place in history,  
offering opportunity with the best of country living"*



# Cowra Shire Council

## Special Schedules

for the financial year ended 30 June 2010

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<sup>1</sup> Special Purpose Schedules are not audited.

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#### 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.

## Cowra Shire Council

# Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Administration</b>	<b>5,539</b>	<b>181</b>	<b>-</b>	<b>(5,358)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	469	85	156	(228)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	171	75	-	(96)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>640</b>	<b>160</b>	<b>156</b>	<b>(324)</b>
<b>Health</b>	<b>173</b>	<b>8</b>	<b>-</b>	<b>(165)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	222	46	-	(176)
Other Environmental Protection	7	-	-	(7)
Solid Waste Management	1,944	2,381	-	437
Street Cleaning	-	-	-	-
Drainage	624	-	-	(624)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>2,797</b>	<b>2,427</b>	<b>-</b>	<b>(370)</b>
<b>Community Services and Education</b>				
Administration & Education	39	-	-	(39)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Childrens Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>(39)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	244	-	-	(244)
Public Conveniences	83	211	-	128
Street Lighting	137	61	-	(76)
Town Planning	560	206	119	(235)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>1,024</b>	<b>478</b>	<b>119</b>	<b>(427)</b>
<b>Water Supplies</b>	<b>3,646</b>	<b>3,556</b>	<b>1,233</b>	<b>1,143</b>
<b>Sewerage Services</b>	<b>967</b>	<b>2,703</b>	<b>962</b>	<b>2,698</b>

## Cowra Shire Council

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

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	286	56	-	(230)
Museums	-	-	-	-
Art Galleries	161	44	-	(117)
Community Centres and Halls	-	-	-	-
Performing Arts Venues	108	23	-	(85)
Other Performing Arts	-	-	-	-
Other Cultural Services	162	6	-	(156)
Sporting Grounds and Venues	273	17	-	(256)
Swimming Pools	426	116	-	(310)
Parks & Gardens (Lakes)	1,637	17	-	(1,620)
Other Sport and Recreation	289	186	-	(103)
<b>Total Recreation and Culture</b>	<b>3,342</b>	<b>465</b>	<b>-</b>	<b>(2,877)</b>
<b>Fuel &amp; Energy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Agriculture</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mining, Manufacturing and Construction</b>				
Building Control	336	36	-	(300)
Other Mining, Manufacturing & Construction	36	298	-	262
<b>Total Mining, Manufacturing and Const.</b>	<b>372</b>	<b>334</b>	<b>-</b>	<b>(38)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	882	-	-	(882)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	536	-	581	45
Sealed Rural Roads - Regional	4,765	4,422	-	(343)
Unsealed Rural Roads (URR) - Local	401	-	-	(401)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	9	-	-	(9)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	100	14	-	(86)
Other Transport & Communication	37	12	-	(25)
<b>Total Transport and Communication</b>	<b>6,730</b>	<b>4,448</b>	<b>581</b>	<b>(1,701)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	38	69	-	31
Other Economic Affairs	1,326	1,809	12	495
<b>Total Economic Affairs</b>	<b>1,364</b>	<b>1,878</b>	<b>12</b>	<b>526</b>
<b>Totals – Functions</b>	<b>26,633</b>	<b>16,638</b>	<b>3,063</b>	<b>(6,932)</b>
<b>General Purpose Revenues<sup>(1)</sup></b>		<b>9,302</b>	<b>-</b>	<b>9,302</b>
Share of interests - joint ventures & associates using the equity method	-	-	-	-
<b>NET OPERATING RESULT FOR YEAR</b>	<b>26,633</b>	<b>25,940</b>	<b>3,063</b>	<b>2,370</b>

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

## Cowra Shire Council

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

\$'000

Classification of Debt	Principal outstanding at beginning of the year		New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year	
	Current	Non Current		From Revenue	Sinking Funds			Current	Non Current
<b>Loans (by Source)</b>									
Commonwealth Government	-	-	-						-
Treasury Corporation	-	-	-						-
Other State Government	-	-	-						-
Public Subscription	-	-	-						-
Financial Institutions	729	9,879	4,888	713	-	-	712	652	14,131
Other	-	-	-						-
<b>Total Loans</b>	<b>729</b>	<b>9,879</b>	<b>4,888</b>	<b>713</b>	<b>-</b>	<b>-</b>	<b>712</b>	<b>652</b>	<b>14,131</b>
<b>Other Long Term Debt</b>									
Ratepayers Advances	-	-	-						-
Government Advances	-	-	-						-
Finance Leases	-	-	-						-
Deferred Payments	-	-	-						-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>729</b>	<b>9,879</b>	<b>4,888</b>	<b>713</b>	<b>-</b>	<b>-</b>	<b>712</b>	<b>652</b>	<b>14,783</b>

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

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFS's).

## Cowra Shire Council

### Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2010

\$'000

#### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General Water Sewer Domestic Waste Management Gas Other	580	59	336
<b>Totals</b>	<b>580</b>	<b>59</b>	<b>336</b>

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

#### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Waste Fund	General Fund	31/12/97	31/12/97	20	31/12/17	8.00%	500	51	281
Waste Fund	General Fund	30/06/00	30/06/00	20	30/06/20	8.00%	80	8	55
<b>Totals</b>							<b>580</b>	<b>59</b>	<b>336</b>



## Cowra Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2010	Actuals 2009
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,595	1,906
b. Engineering and Supervision	28	16
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	596	604
<b>- Reservoirs</b>		
e. Operation expenses	43	49
f. Maintenance expenses	105	32
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	46	61
h. Energy costs	229	195
i. Maintenance expenses	-	-
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	321	294
k. Chemical costs	170	146
l. Maintenance expenses	78	59
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	203	203
<b>3. Depreciation expenses</b>		
a. System assets	1,393	1,333
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	229	244
b. Revaluation Decrements	-	-
c. Other expenses	200	290
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>5,236</b>	<b>5,432</b>

## Cowra Shire Council

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

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

<b>\$'000</b>	<b>Actuals 2010</b>	<b>Actuals 2009</b>
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	1,239	1,196
b. Usage charges	1,218	1,117
<b>7. Non-residential charges</b>		
a. Access (including rates)	398	333
b. Usage charges	946	844
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	33	34
<b>10. Other income</b>	780	771
<b>11. Grants</b>		
a. Grants for acquisition of assets	895	40
b. Grants for pensioner rebates	62	62
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	66	13
b. Developer provided assets	-	-
c. Other contributions	16	-
<b>13. Total income</b>	<b>5,653</b>	<b>4,410</b>
<b>14. Gain or loss on disposal of assets</b>	(2)	81
<b>15. Operating Result</b>	<b>415</b>	<b>(941)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(480)	(981)

## Cowra Shire Council

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

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

\$'000	Actuals 2010	Actuals 2009
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. Subsidised scheme	-	-
b. Other new system assets	2,050	574
c. Renewals	-	-
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	212	71
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>2,262</b>	<b>645</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)		5,023
b. Residential (unoccupied, ie. vacant lot)		-
c. Non-residential (occupied)		500
d. Non-residential (unoccupied, ie. vacant lot)		-
<b>25. Number of ETs for which developer charges were received</b>	ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 113,000	\$ 113,000

## Cowra Shire Council

# Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2010

\$'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"/>	<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 2009/10 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>
<p>* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.</p>			

## Cowra Shire Council

## Special Schedule No. 4 - Water Supply Balance Sheet

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	269	-	269
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	470	-	470
e. Sinking fund	-	-	-
f. Other	881	-	881
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and charges	189	-	189
c. Other	1,187	-	1,187
<b>32. Inventories</b>	4	-	4
<b>33. Property, plant and equipment</b>			
a. System assets	-	40,030	40,030
b. Plant and equipment	-	1,880	1,880
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>3,000</b>	<b>41,910</b>	<b>44,910</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	36	-	36
<b>38. Borrowings</b>			
a. Loans	57	3,311	3,368
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	54	116	170
<b>40. Total liabilities</b>	<b>147</b>	<b>3,427</b>	<b>3,574</b>
<b>41. NET ASSETS COMMITTED</b>	<b>2,853</b>	<b>38,483</b>	<b>41,336</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			17,416
<b>43. Asset revaluation reserve</b>			23,920
<b>44. TOTAL EQUITY</b>			<b>41,336</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost of system assets</b>			97,140
<b>46. Accumulated current cost depreciation of system assets</b>			(57,110)
<b>47. Written down current cost of system assets</b>			40,030

## Cowra Shire Council

## Special Schedule No. 5 - Sewerage Income Statement

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

\$'000	Actuals 2010	Actuals 2009
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	780	729
b. Engineering and Supervision	76	55
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	151	267
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	2	9
d. Energy costs	17	22
e. Maintenance expenses	58	51
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	113	142
g. Chemical costs	-	-
h. Energy costs	26	22
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	59	100
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	323	244
b. Plant and equipment	9	10
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	85	49
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,699</b>	<b>1,700</b>



## Cowra Shire Council

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

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

<b>\$'000</b>	<b>Actuals 2010</b>	<b>Actuals 2009</b>
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	1,951	1,881
<b>7. Non-residential charges</b>		
a. Access (including rates)	487	469
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	1	2
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	28	31
<b>10. Interest income</b>	7	-
<b>11. Other income</b>	141	132
<b>12. Grants</b>		
a. Grants for acquisition of assets	962	-
b. Grants for pensioner rebates	42	41
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	94	23
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<b>3,713</b>	<b>2,579</b>
<b>15. Gain or loss on disposal of assets</b>	-	12
<b>16. Operating Result</b>	<b>2,014</b>	<b>891</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	1,052	891

## Cowra Shire Council

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

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

\$'000	Actuals 2010	Actuals 2009
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. Subsidised scheme	-	-
b. Other new system assets	4,349	1,221
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	101	94
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>4,450</b>	<b>1,315</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)		3,280
b. Residential (unoccupied, ie. vacant lot)		-
c. Non-residential (occupied)		459
d. Non-residential (unoccupied, ie. vacant lot)		-
<b>26. Number of ETs for which developer charges were received</b>	ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 76,000	\$ 75,000

## Cowra Shire Council

# Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2010

\$'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"/>	<input type="checkbox"/> NO	
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"/> YES	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<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 2009/10 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text"/> -
<p>* Councils which have not yet implemented best practice sewer pricing &amp; liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> 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.</p>			

## Cowra Shire Council

## Special Schedule No. 6 - Sewerage Balance Sheet

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	228	-	228
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,510	-	4,510
<b>32. Receivables</b>			
a. Specific purpose grants	798	-	798
b. Rates and charges	449	-	449
c. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	24,239	24,239
b. Plant and equipment	-	2,479	2,479
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>5,985</b>	<b>26,718</b>	<b>32,703</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	24	-	24
<b>39. Borrowings</b>			
a. Loans	139	4,613	4,752
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	22	20	42
<b>41. Total Liabilities</b>	<b>185</b>	<b>4,633</b>	<b>4,818</b>
<b>42. NET ASSETS COMMITTED</b>	<b>5,800</b>	<b>22,085</b>	<b>27,885</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			13,637
<b>44. Asset revaluation reserve</b>			14,248
<b>45. TOTAL EQUITY</b>			<b>27,885</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost of system assets</b>			39,481
<b>47. Accumulated current cost depreciation of system assets</b>			(15,242)
<b>48. Written down current cost of system assets</b>			24,239

## Cowra Shire Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2010

#### 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.

**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) include 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.

Cowra Shire Council

Special Schedule No. 7 - Condition of Public Works  
as at 30 June 2010

[illegible]



Cowra Shire Council

Special Schedule No. 7 - Condition of Public Works (continued)  
as at 30 June 2010

\$'000			Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition#	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 >>>>>>>>>>	<<<<<<<<<< per Section 428(2d) >>>>>>>>>>						
Water	Water Supply Network		1,322	-	97,140	57,110	40,030					
	Treatment Plants			-			-		3			
	Water Connections			-			-		2	274		
	Bores			-			-		2			
	Reservoirs			-			-		2	55	83	117
	Hydrants			-			-		2	218	78	32
	Stop Valves			-			-		2	218		
	Pipeline			-			-		2	328	390	519
	Pump Station			-			-		2	602		
	sub total		1,322	-	97,140	57,110	40,030			1,695	551	668
Sewerage	Sewerage Supply Network		300	-	39,480	15,242	24,238					
	Network Pump Stations			-			-		2	383		
	Pipeline			-			-		3	1,094	521	151
	Manholes			-			-		3	1,094		
	Air Vent Stacks			-			-		4	547		
	Treatment Works			-			-		5	11,995	11,995	11,995
	Sewerage Connection			-			-		3	547		
	sub total		300	-	39,480	15,242	24,238			15,660	12,516	12,146

## Cowra Shire Council

Special Schedule No. 7 - Condition of Public Works (continued)  
as at 30 June 2010

		Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & 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 >>>>>>>>	<<<<<<<<< per Section 428(2d) >>>>>>>>						
<b>Drainage Works</b>	Drainage Network		552	-	35,421	9,630	25,791	3			38
	Retarding Basins			-			-	2			
	Outfalls			-			-	3			
	Stormwater Conduits			-			-	2			
	Inlet and Junction Pits			-			-	3			
	Head Walls			-			-	2			
	Outfall Structures			-			-	2			
	<b>sub total</b>		<b>552</b>	<b>-</b>	<b>35,421</b>	<b>9,630</b>	<b>25,791</b>		<b>-</b>	<b>-</b>	<b>38</b>
	<b>TOTAL - ALL ASSETS</b>		<b>3,376</b>	<b>-</b>	<b>620,021</b>	<b>107,007</b>	<b>513,014</b>		<b>21,305</b>	<b>15,466</b>	<b>15,548</b>

**Notes:**

(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.

13. Current Annual Maintenance is what has been spent in the current year to maintain assets.

# Asset Condition "Key" - as per NSW Local Government Asset Accounting Manual:

1	Near Perfect - Ranges from New or Good
2	Superficial Deterioration - Ranges from Generally Good to Fair
3	Deterioration Evident - Ranges from Fair to Marginal
4	Requires Major Reconstruction - Ranges from Poor to Critical

## 5 Asset Unserviceable - Critical, Beyond Repair

## Cowra Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2010

\$'000	Actual <sup>(1)</sup> 09/10	Forecast 10/11	Forecast 11/12	Forecast <sup>(3)</sup> 12/13	Forecast <sup>(3)</sup> 13/14
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	29,003	35,246	36,598	37,903	39,255
Expenses from continuing operations	26,633	33,792	34,707	35,516	36,473
<b>Operating Result from Continuing Operations</b>	<b>2,370</b>	<b>1,454</b>	<b>1,891</b>	<b>2,387</b>	<b>2,782</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	3,833	54	56	57	59
Replacement/Refurbishment of Existing Assets	6,473	860	883	890	898
<b>Total Capital Budget</b>	<b>10,306</b>	<b>914</b>	<b>939</b>	<b>947</b>	<b>957</b>
<b>Funded by:</b>					
– Loans	810	-	-	-	-
– Asset sales	-	-	-	-	-
– Reserves	2,050	105	109	112	115
– Grants/Contributions	6,527	809	830	835	842
– Recurrent revenue	919	-	-	-	-
– Other	-	-	-	-	-
	<b>10,306</b>	<b>914</b>	<b>939</b>	<b>947</b>	<b>957</b>

## Notes:

(1) From 09/10 Income Statement.

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

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