

# Cowra Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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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 2011

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 29/10/11.  
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 2011

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 22 August 2011.**



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 2011

Budget <sup>(1)</sup>				Actual	Actual
2011	\$ '000		Notes	2011	2010
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
10,926	Rates & Annual Charges		3a	9,564	9,098
8,023	User Charges & Fees		3b	10,591	11,141
651	Interest & Investment Revenue		3c	978	604
715	Other Revenues		3d	766	567
4,370	Grants & Contributions provided for Operating Purposes		3e,f	4,786	4,164
1,957	Grants & Contributions provided for Capital Purposes		3e,f	6,115	3,063
<b>Other Income:</b>					
-	Net gains from the disposal of assets		5	-	83
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	-	-
<b>26,642</b>	<b>Total Income from Continuing Operations</b>			<b>32,800</b>	<b>28,720</b>
<b>Expenses from Continuing Operations</b>					
10,351	Employee Benefits & On-Costs		4a	10,159	10,518
1,671	Borrowing Costs		4b	1,393	726
8,964	Materials & Contracts		4c	8,577	8,082
4,865	Depreciation & Amortisation		4d	6,666	4,920
-	Impairment		4d	-	-
2,027	Other Expenses		4e	2,168	2,104
-	Net Losses from the Disposal of Assets		5	4	-
<b>27,878</b>	<b>Total Expenses from Continuing Operations</b>			<b>28,967</b>	<b>26,350</b>
<b>(1,236)</b>	<b>Operating Result from Continuing Operations</b>			<b>3,833</b>	<b>2,370</b>
<b>Discontinued Operations</b>					
-	Net Profit/(Loss) from Discontinued Operations		24	-	-
<b>(1,236)</b>	<b>Net Operating Result for the Year</b>			<b>3,833</b>	<b>2,370</b>
(1,236)	Net Operating Result attributable to Council			3,833	2,370
-	Net Operating Result attributable to Minority Interests			-	-
<b>(3,193)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>			<b>(2,282)</b>	<b>(693)</b>

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

## Cowra Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		<b>3,833</b>	<b>2,370</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	2,057	353,583
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
<b>Total Other Comprehensive Income for the year</b>		<b>2,057</b>	<b>353,583</b>
<b>Total Comprehensive Income for the Year</b>		<b>5,890</b>	<b>355,953</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>5,890</b>	<b>355,953</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Cowra Shire Council

## Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	15,104	10,764
Investments	6b	1,000	-
Receivables	7	4,322	6,059
Inventories	8	1,226	1,254
Other	8	133	132
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>21,785</b>	<b>18,209</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	49	36
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	576,544	568,536
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>576,593</b>	<b>568,572</b>
<b>TOTAL ASSETS</b>		<b>598,378</b>	<b>586,781</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	1,908	2,224
Borrowings	10	4,369	652
Provisions	10	2,874	2,951
<b>Total Current Liabilities</b>		<b>9,151</b>	<b>5,827</b>
<b>Non-Current Liabilities</b>			
Payables	10	14	25
Borrowings	10	16,537	14,132
Provisions	10	422	433
<b>Total Non-Current Liabilities</b>		<b>16,973</b>	<b>14,590</b>
<b>TOTAL LIABILITIES</b>		<b>26,124</b>	<b>20,417</b>
<b>Net Assets</b>		<b>572,254</b>	<b>566,364</b>
<b>EQUITY</b>			
Retained Earnings	20	171,046	167,213
Revaluation Reserves	20	401,208	399,151
Council Equity Interest		572,254	566,364
Minority Equity Interest		-	-
<b>Total Equity</b>		<b>572,254</b>	<b>566,364</b>

## Cowra Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		167,213	399,151	<b>566,364</b>	-	<b>566,364</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/10)		<b>167,213</b>	<b>399,151</b>	<b>566,364</b>	-	<b>566,364</b>
<b>c. Net Operating Result for the Year</b>		<b>3,833</b>	-	<b>3,833</b>	-	<b>3,833</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,057	<b>2,057</b>	-	<b>2,057</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>2,057</b>	<b>2,057</b>	-	<b>2,057</b>
<b>Total Comprehensive Income</b> (c&d)		<b>3,833</b>	<b>2,057</b>	<b>5,890</b>	-	<b>5,890</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>171,046</b>	<b>401,208</b>	<b>572,254</b>	-	<b>572,254</b>

\$ '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</b> (as at 1/7/09)		<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>
d. Other Comprehensive Income						
- 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)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>353,583</b>	<b>353,583</b>	-	<b>353,583</b>
<b>Total Comprehensive Income</b> (c&d)		<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>

## Cowra Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
10,926	Rates & Annual Charges		9,696	10,376
8,023	User Charges & Fees		13,127	9,142
651	Investment & Interest Revenue Received		1,062	563
6,327	Grants & Contributions		11,192	7,248
-	Bonds & Deposits Received		128	-
715	Other		1,426	767
<b>Payments:</b>				
(10,351)	Employee Benefits & On-Costs		(10,308)	(10,416)
(9,860)	Materials & Contracts		(10,916)	(10,043)
(1,671)	Borrowing Costs		(1,379)	(712)
(2,027)	Other		(2,372)	(2,265)
<u>2,733</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>11,656</u>	<u>4,660</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Infrastructure, Property, Plant & Equipment		322	279
-	Deferred Debtors Receipts		9	30
<b>Payments:</b>				
-	Purchase of Investment Securities		(1,000)	20
(5,476)	Purchase of Infrastructure, Property, Plant & Equipment		(12,769)	(11,015)
<u>(5,476)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(13,438)</u>	<u>(10,686)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
1,850	Proceeds from Borrowings & Advances		6,753	4,888
<b>Payments:</b>				
(717)	Repayment of Borrowings & Advances		(631)	(711)
<u>1,133</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>6,122</u>	<u>4,177</u>
<u>(1,610)</u>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>4,340</u>	<u>(1,849)</u>
12,000	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	10,764	12,613
<u>10,390</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u>15,104</u>	<u>10,764</u>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	1,000	-
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>16,104</u>	<u>10,764</u>

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 2011

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n/a - not applicable

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

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

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

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

###### (iii) Basis of Accounting

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

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

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

Council's accounting policies have been 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.

###### (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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### (c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/11) and (ii) all the related operating results (for the financial year ended the 30th June 2011).

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) Joint Ventures

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

##### (vi) Additional Information

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

##### (d) Leases

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

##### Operating Leases

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

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

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

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

Cash and cash equivalents includes;

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### (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 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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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 Ministerial Local Government Investment Order.

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

##### (g) Fair value estimation

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

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

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

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

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

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

##### (h) Receivables

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

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

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

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

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

##### (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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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 have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government, with the exception of Other Structures, Community Land, Other Assets and Land Improvements, which will be completed in the 2011/2012 period.

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)

##### Initial Recognition

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

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

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

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

##### Subsequent costs

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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;

##### Land

- council land	100% Capitalised
- open space	100% Capitalised

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$2,000

##### Water & Sewer Assets

Reticulation extensions	100% Capitalised
Other	> \$5,000

##### Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

##### Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000

Bridge construction & reconstruction	> \$10,000
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#### Depreciation

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

Land is not depreciated.

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

##### Plant & Equipment

- Office Equipment	3 to 5 years
- Office furniture	10 to 20 years
- 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 75 years
- Flood Structures	80 to 100 years

##### Transportation Assets

- Sealed Roads : Surface	15 to 30 years
- Sealed Roads : Structure	20 to 100 years
- Unsealed roads	10 to 20 years
- Bridge : Concrete	100 years

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

<b>Water &amp; Sewer Assets</b>	
- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	100 years
- Reticulation pipes : Other	25 to 100 years
- Pumps and telemetry	10 to 15 years

<b>Other Infrastructure Assets</b>	
- Bulk earthworks	Infinite

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 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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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.

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

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

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

#### (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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

##### (q) Borrowing costs

Borrowing costs are expensed.

##### (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.

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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### 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 \$ 263 million at 30 June 2011.

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 30/6/11.

##### (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 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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### (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 2011.

**Council has not adopted any of these standards early.**

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

##### Applicable to Local Government with implications:

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

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

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

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

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

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

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

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

funding requirements. Council does not make any such prepayments.

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

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

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

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

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

None

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

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

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

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

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

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

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

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

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

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

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

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

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

**(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 2011

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Governance		-	-	580	550	213	(580)	(550)	(213)	174	-	1,008	-
Administration	17	286	181	3,555	3,148	5,326	(3,538)	(2,862)	(5,145)	3,986	5	25,389	22,685
Public Order & Safety	285	334	316	622	602	640	(337)	(268)	(324)	58	177	1,677	1,913
Health	-	-	8	-	-	173	-	-	(165)	-	-	-	-
Environment	2,458	2,664	2,427	2,241	3,322	2,797	217	(658)	(370)	112	112	3,331	3,576
Community Services & Education	-	72	-	-	64	39	-	8	(39)	1	-	602	613
Housing & Community Amenities	620	615	597	888	1,380	1,024	(268)	(765)	(427)	57	33	27,449	27,833
Water Supplies	5,241	5,044	4,789	3,692	5,422	3,646	1,549	(378)	1,143	865	957	43,621	41,910
Sewerage Services	2,698	6,019	3,665	1,946	2,880	967	752	3,139	2,698	64	1,004	35,041	26,718
Recreation & Culture	405	508	465	2,617	2,793	3,342	(2,212)	(2,285)	(2,877)	69	261	29,833	30,149
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	-	1	334	32	78	372	(32)	(77)	(38)	-	-	336	332
Transport & Communication	4,024	5,961	5,029	10,705	7,892	6,730	(6,681)	(1,931)	(1,701)	648	642	424,130	425,125
Economic Affairs	1,052	996	1,607	1,000	836	1,081	52	160	526	-	30	5,961	5,927
<b>Total Functions &amp; Activities</b>	<b>16,800</b>	<b>22,500</b>	<b>19,418</b>	<b>27,878</b>	<b>28,967</b>	<b>26,350</b>	<b>(11,078)</b>	<b>(6,467)</b>	<b>(6,932)</b>	<b>6,034</b>	<b>3,221</b>	<b>598,378</b>	<b>586,781</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	9,842	10,300	9,302	-	-	-	9,842	10,300	9,302	4,048	3,744	-	-
<b>Operating Result from Continuing Operations</b>	<b>26,642</b>	<b>32,800</b>	<b>28,720</b>	<b>27,878</b>	<b>28,967</b>	<b>26,350</b>	<b>(1,236)</b>	<b>3,833</b>	<b>2,370</b>	<b>10,082</b>	<b>6,965</b>	<b>598,378</b>	<b>586,781</b>

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

##### **PUBLIC ORDER & SAFETY**

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

##### **HEALTH**

Inspection, food control, & administration.

##### **ENVIRONMENT**

Noxious plants control, other environmental protection, street cleaning, drainage, stormwater management.

##### **COMMUNITY SERVICES & EDUCATION**

Administration, other community services & education.

##### **HOUSING & COMMUNITY AMENITIES**

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

Public libraries, museums, art galleries, 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 & pits, other.

##### **TRANSPORT & COMMUNICATION**

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

##### **ECONOMIC AFFAIRS**

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

## Cowra Shire Council

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

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,927	1,852
Farmland		2,394	2,260
Mining		71	69
Business		990	924
<b>Total Ordinary Rates</b>		<b>5,382</b>	<b>5,105</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		1,956	1,838
Water Supply Services		133	128
Sewerage Services		2,093	2,027
<b>Total Annual Charges</b>		<b>4,182</b>	<b>3,993</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>9,564</b>	<b>9,098</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 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		3,517	3,549
Sewerage Services		504	487
Waste Management Services (non-domestic)		277	277
<b>Total User Charges</b>		<b>4,298</b>	<b>4,313</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608 & 610A)			
Planning & Building Regulation		192	219
Private Works - Section 67		357	1,269
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>549</b>	<b>1,488</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C)			
Aerodrome		18	14
Caravan Park		82	69
Cemeteries		230	211
RTA Charges (State Roads not controlled by Council)		4,783	4,471
Saleyards		408	392
Swimming Centres		125	116
Other		98	67
<b>Total Fees &amp; Charges - Other</b>		<b>5,744</b>	<b>5,340</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>10,591</b>	<b>11,141</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		104	114
- Interest earned on Investments (interest & coupon payment income)		853	470
<b>Amortisation of Premiums &amp; Discounts</b>			
- Interest Free (& Interest Reduced) Loans provided		21	20
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>978</u></b>	<b><u>604</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		104	65
General Council Cash & Investments		764	453
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		20	18
- Section 64		29	19
Water Fund Operations		23	21
Sewerage Fund Operations		26	28
Domestic Waste Management operations		12	-
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>978</u></b>	<b><u>604</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		199	127
Fines		61	73
Legal Fees Recovery - Rates & Charges (Extra Charges)		43	-
Diesel Rebate		68	-
Recycling Income (non domestic)		193	130
Insurance Rebates		56	-
Other		146	237
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>766</u></b>	<b><u>567</u></b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	3,935	3,635	-	-
Pensioners' Rates Subsidies - General Component	113	109	-	-
<b>Total General Purpose</b>	<b>4,048</b>	<b>3,744</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	64	62	-	-
- Sewerage	42	42	-	-
- Domestic Waste Management	71	68	-	-
Water Supplies	25	-	1,041	895
Sewerage Services	-	-	2,944	962
Bushfire & Emergency Services	78	-	174	177
Community Care	71	-	-	-
Community Infrastructure	-	-	177	174
Environmental Protection	59	-	-	-
Library	45	-	-	-
Saleyards - NLIS Infrastructure	-	-	-	12
Street Lighting	63	61	-	-
Transport (Other Roads & Bridges Funding)	40	-	987	581
Other	153	187	-	-
<b>Total Specific Purpose</b>	<b>711</b>	<b>420</b>	<b>5,323</b>	<b>2,801</b>
<b>Total Grants</b>	<b>4,759</b>	<b>4,164</b>	<b>5,323</b>	<b>2,801</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	3,960	3,822	1,164	755
- State Funding	798	342	4,159	2,046
- Other Funding	1	-	-	-
	<b>4,759</b>	<b>4,164</b>	<b>5,323</b>	<b>2,801</b>

## Cowra Shire Council

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

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

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<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	-	-	162	189
S 94A - Fixed Development Consent Levies	-	-	5	52
S 64 - Water Supply Contributions	-	-	162	-
S 64 - Sewerage Service Contributions	-	-	204	-
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>533</b>	<b>241</b>
<b>Other Contributions:</b>				
Sewerage (excl. Section 64 contributions)	-	-	175	-
Water Supplies (excl. Section 64 contributions)	-	-	-	17
Other	27	-	84	4
<b>Total Other Contributions</b>	<b>27</b>	<b>-</b>	<b>259</b>	<b>21</b>
<b>Total Contributions</b>	<b>27</b>	<b>-</b>	<b>792</b>	<b>262</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>4,786</b>	<b>4,164</b>	<b>6,115</b>	<b>3,063</b>

\$ '000	Actual 2011	Actual 2010
<b>(g). Restrictions relating to Grants and Contributions</b>		
<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	1,176	2,367
add: Grants and contributions recognised in the current period not yet spent:	926	615
less: Grants and contributions recognised in a previous reporting period & now spent:	(334)	(1,806)
<b>Net Increase (Decrease) in Restricted Assets</b>	<b>592</b>	<b>(1,191)</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>1,768</b>	<b>1,176</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	348	339
- Developer Contributions	1,420	837
	<b>1,768</b>	<b>1,176</b>

## Cowra Shire Council

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

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		8,296	8,119
Travelling		71	159
Employee Leave Entitlements (ELE)		1,271	1,218
Superannuation - Defined Contribution Plans		609	567
Superannuation - Defined Benefit Plans		427	453
Workers' Compensation Insurance		514	655
Fringe Benefit Tax (FBT)		11	17
Training Costs (other than Salaries & Wages)		140	138
<b>Total Employee Costs</b>		<b>11,339</b>	<b>11,326</b>
less: Capitalised Costs		(1,180)	(808)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>10,159</u></b>	<b><u>10,518</u></b>
Number of "Equivalent Full Time" Employees at year end		161	158
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		1,379	712
<b>Total Interest Bearing Liability Costs</b>		<b>1,379</b>	<b>712</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>1,379</b>	<b>712</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	14	14
<b>Total Other Borrowing Costs</b>		<b>14</b>	<b>14</b>
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>1,393</u></b>	<b><u>726</u></b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		7,888	4,171
Contractor & Consultancy Costs		359	3,645
Auditors Remuneration			
- Audit Services: Council's Auditor		35	27
- Audit Services: Auditors of other Consolidated Entities		29	-
Legal Expenses:			
- Legal Expenses: Planning & Development		26	20
- Legal Expenses: Other		68	53
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(1)</sup>		172	166
<b>Total Materials &amp; Contracts</b>		<b>8,577</b>	<b>8,082</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>8,577</b>	<b>8,082</b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Computers		172	166
		<b>172</b>	<b>166</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
Plant and Equipment		-	-	1,479	1,205
Office Equipment		-	-	-	26
Furniture & Fittings		-	-	36	35
Buildings - Specialised		-	-	368	390
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,352	1,146
- Stormwater Drainage		-	-	354	552
- Water Supply Network		-	-	1,362	1,323
- Sewerage Network		-	-	576	300
Other Assets					
- Other		-	-	498	427
Asset Reinstatement Costs	9 & 26	-	-	5	5
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>7,030</b>	<b>5,409</b>
less: Capitalised Costs		-	-	(364)	(489)
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>6,666</b>	<b>4,920</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		81	67
Contributions/Levies to Other Levels of Government		736	665
Councillor Expenses - Mayoral Fee		21	20
Councillor Expenses - Councillors' Fees		86	90
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		52	64
Electricity & Heating		597	666
Insurance		304	285
Street Lighting		185	137
Telephone & Communications		106	110
<b>Total Other Expenses</b>		<b>2,168</b>	<b>2,104</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,168</u></b>	<b><u>2,104</u></b>

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		322	279
less: Carrying Amount of P&E Assets Sold		(326)	(196)
<b>Net Gain/(Loss) on Disposal</b>		<b>(4)</b>	<b>83</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(4)</u></b>	<b><u>83</u></b>

## Cowra Shire Council

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

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,104	-	4	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		14,000	-	10,760	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>15,104</b>	<b>-</b>	<b>10,764</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Long Term Deposits		1,000	-	-	-
<b>Total Investment Securities</b>		<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>16,104</b>	<b>-</b>	<b>10,764</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"		15,104	-	10,764	-
--	--	--------	---	--------	---

**Investments**

b. "Loans & Receivables"	6(b-iii)	1,000	-	-	-
<b>Investments</b>		<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Balance at the Beginning of the Year		-	-	-	-
Additions		1,000	-	-	-
<b>Balance at End of Year</b>		<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Comprising:**

- Long Term Deposits		1,000	-	-	-
<b>Total</b>		<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Cowra Shire Council

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

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

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>16,104</b>	-	<b>10,764</b>	-
<b>attributable to:</b>				
External Restrictions (refer below)	9,740	-	7,362	-
Internal Restrictions (refer below)	5,171	-	3,217	-
Unrestricted	1,193	-	185	-
	<b>16,104</b>	-	<b>10,764</b>	-

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

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-General (A)	66	-	(56)	10
Specific Purpose Unexpended Loans-Water (A)	470	-	(5)	465
<b>External Restrictions - Included in Liabilities</b>	<b>536</b>	-	<b>(61)</b>	<b>475</b>

**External Restrictions - Other**

Developer Contributions - General (D)	340	182	-	522
Developer Contributions - Water Fund (D)	269	184	-	453
Developer Contributions - Sewer Fund (D)	228	217	-	445
Specific Purpose Unexpended Grants (F)	339	9	-	348
Water Supplies (G)	881	103	-	984
Sewerage Services (G)	4,510	1,735	-	6,245
Domestic Waste Management (G)	98	-	-	98
Capital Contributions	161	9	-	170
<b>External Restrictions - Other</b>	<b>6,826</b>	<b>2,439</b>	-	<b>9,265</b>
<b>Total External Restrictions</b>	<b>7,362</b>	<b>2,439</b>	<b>(61)</b>	<b>9,740</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 2011

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

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	472	923	(396)	999
Employees Leave Entitlement	606	52	(169)	489
Carry Over Works	180	1,156	(180)	1,156
Aerodrome	39	-	(1)	38
Art Gallery	18	-	-	18
Bad Debts	43	-	(9)	34
Business Assistance	50	-	-	50
Caravan Parks	153	34	(50)	137
Election	40	15	-	55
Environmental Projects	11	1	(4)	8
Fire Mitigation	11	3	-	14
Futures 30	12	-	-	12
Gravel Rehabilitation	54	373	(85)	342
IT Equipment	10	10	-	20
Main St Improvements	281	-	(32)	249
POW Maintenance	3	-	-	3
Risk Management	102	30	(11)	121
RTA Warranty	131	213	(53)	291
Saleyards	133	25	(2)	156
Unexpended RTA Funds	18	42	(18)	42
Waste	593	160	(216)	537
Works	157	220	(277)	100
Workers Compensation	100	-	-	100
Depot Redevelopment	-	200	-	200
<b>Total Internal Restrictions</b>	<b>3,217</b>	<b>3,457</b>	<b>(1,503)</b>	<b>5,171</b>
<b>TOTAL RESTRICTIONS</b>	<b>10,579</b>	<b>5,896</b>	<b>(1,564)</b>	<b>14,911</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,259	-	1,391	-
Interest & Extra Charges		-	-	84	-
User Charges & Fees		1,236	-	3,175	-
Accrued Revenues					
- Other Income Accruals		1,750	-	1,040	-
Government Grants & Subsidies		71	-	71	-
Deferred Debtors		19	49	41	36
Net GST Receivable		-	-	270	-
<b>Total</b>		<b>4,335</b>	<b>49</b>	<b>6,072</b>	<b>36</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>4,322</u></b>	<b><u>49</u></b>	<b><u>6,059</u></b>	<b><u>36</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		155	-	189	-
- Other		1,182	-	1,187	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		1,384	-	798	-
- Rates & Availability Charges		392	-	449	-
<b>Total External Restrictions</b>		<b>3,113</b>	<b>-</b>	<b>2,623</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>1,209</b>	<b>49</b>	<b>3,436</b>	<b>36</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>4,322</u></b>	<b><u>49</u></b>	<b><u>6,059</u></b>	<b><u>36</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2010 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Cowra Shire Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		195	-	195	-
Stores & Materials		1,031	-	1,059	-
<b>Total Inventories</b>		<b>1,226</b>	<b>-</b>	<b>1,254</b>	<b>-</b>
<b>Other Assets</b>					
Shares in Unlisted Companies - StateCover		132	-	132	-
Other		1	-	-	-
<b>Total Other Assets</b>		<b>133</b>	<b>-</b>	<b>132</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,359</b>	<b>-</b>	<b>1,386</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		1,355	-	1,382	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,359</b>	<b>-</b>	<b>1,386</b>	<b>-</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 8. Inventories &amp; Other Assets (continued)

\$ '000	2011		2010	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) 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) Current Assets not anticipated to be settled within the next 12 months**

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

	2011	2010
Real Estate for Resale	-	-
	<b>-</b>	<b>-</b>

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period				as at 30/6/2011				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment	Value					Cost	Fair Value	Dep'n	Impairment	Value
Plant & Equipment	-	19,908	13,016	-	6,892	1,002	(326)	(1,479)	-	-	20,337	14,248	-	6,089
Office Equipment	-	507	472	-	35	13	-	-	-	-	520	472	-	48
Furniture & Fittings	-	714	448	-	266	-	-	(36)	-	-	714	484	-	230
<b>Land:</b>														
- Operational Land	-	7,551	-	-	7,551	46	-	-	-	-	7,597	-	-	7,597
- Community Land	20,311	-	-	-	20,311	-	-	-	-	20,311	-	-	-	20,311
Buildings - Specialised	-	25,782	8,372	-	17,410	40	-	(368)	-	-	25,822	8,740	-	17,082
<b>Infrastructure:</b>														
- Roads, Bridges, Footpaths	-	443,082	24,179	-	418,903	1,864	-	(2,352)	-	-	444,946	26,531	-	418,415
- Stormwater Drainage	-	35,421	9,630	-	25,791	-	-	(354)	-	-	35,422	9,985	-	25,437
- Water Supply Network	-	97,140	57,111	-	40,029	1,828	-	(1,362)	1,281	-	102,076	60,300	-	41,776
- Sewerage Network	-	39,481	15,243	-	24,238	8,149	-	(576)	776	-	48,893	16,306	-	32,587
<b>Other Assets:</b>														
- Other	12,326	-	5,357	-	6,969	365	-	(498)	-	12,691	-	5,855	-	6,836
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>														
- Quarry Asset	174	-	33	-	141	-	-	(5)	-	174	-	38	-	136
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>32,811</b>	<b>669,586</b>	<b>133,861</b>	<b>-</b>	<b>568,536</b>	<b>13,307</b>	<b>(326)</b>	<b>(7,030)</b>	<b>2,057</b>	<b>33,176</b>	<b>686,327</b>	<b>142,959</b>	<b>-</b>	<b>576,544</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000 Class of Asset	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	618	445	173	-	606	417	189
Office Equipment	3	-	3	-	3	-	2	1
Land								
- Operational Land	-	1,121	-	1,121	-	1,121	-	1,121
Buildings	-	1,376	826	550	-	1,376	805	571
Infrastructure	-	102,076	60,300	41,776	-	97,140	57,110	40,030
<b>Total Water Supply</b>	<b>3</b>	<b>105,191</b>	<b>61,574</b>	<b>43,620</b>	<b>3</b>	<b>100,243</b>	<b>58,334</b>	<b>41,912</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	44	26	18	-	44	18	26
Land								
- Operational Land	-	1,849	-	1,849	-	1,849	-	1,849
Buildings	-	1,206	619	587	-	1,206	601	605
Infrastructure	-	48,893	16,306	32,587	-	39,481	15,243	24,238
<b>Total Sewerage Services</b>	<b>-</b>	<b>51,992</b>	<b>16,951</b>	<b>35,041</b>	<b>-</b>	<b>42,580</b>	<b>15,862</b>	<b>26,718</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	2,406	1,193	1,213	-	2,465	988	1,477
Land								
- Operational Land	-	540	-	540	-	540	-	540
Buildings	-	623	208	415	-	623	199	424
Other Assets	-	1,961	1,102	859	-	1,750	932	818
<b>Total DWM</b>	<b>-</b>	<b>5,530</b>	<b>2,503</b>	<b>3,027</b>	<b>-</b>	<b>5,378</b>	<b>2,119</b>	<b>3,259</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>3</b>	<b>162,713</b>	<b>81,028</b>	<b>81,688</b>	<b>3</b>	<b>148,201</b>	<b>76,315</b>	<b>71,889</b>

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

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

**NB.** Impairment Adjustments relating to I,PP&E assets may have been recognised direct to Equity - refer Note 20 (ii).

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		1,278	-	1,728	-
Accrued Expenses:					
- Other Expenditure Accruals		130	-	135	-
Security Bonds, Deposits & Retentions		500	14	361	25
<b>Total Payables</b>		<b>1,908</b>	<b>14</b>	<b>2,224</b>	<b>25</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		4,369	16,537	652	14,132
<b>Total Borrowings</b>		<b>4,369</b>	<b>16,537</b>	<b>652</b>	<b>14,132</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		1,035	-	952	-
Long Service Leave		1,839	163	1,999	188
Sub Total - Aggregate Employee Benefits		2,874	163	2,951	188
Asset Remediation/Restoration (Future Works) <sup>26</sup>		-	259	-	245
<b>Total Provisions</b>		<b>2,874</b>	<b>422</b>	<b>2,951</b>	<b>433</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>9,151</b>	<b>16,973</b>	<b>5,827</b>	<b>14,590</b>

## (i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	212	570	133	700
Water	530	3,329	147	3,427
Sewer	4,002	7,572	185	4,633
Liabilities relating to externally restricted assets	4,744	11,471	465	8,760
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>4,744</b>	<b>11,471</b>	<b>465</b>	<b>8,760</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 2011

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

\$ '000	2011	2010
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	2,203	2,331
	<u>2,203</u>	<u>2,331</u>

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

Class of Provision	2010		2011			Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	952	658	(575)	-	-	1,035
Long Service Leave	2,187	74	(259)	-	-	2,002
Asset Remediation	245	14	-	-	-	259
<b>TOTAL</b>	<b>3,384</b>	<b>746</b>	<b>(834)</b>	<b>-</b>	<b>-</b>	<b>3,296</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.

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	15,104	10,764
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>15,104</b>	<b>10,764</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>3,833</b>	<b>2,370</b>
Adjust for non cash items:			
Depreciation & Amortisation		6,666	4,920
Net Losses/(Gains) on Disposal of Assets		4	(83)
Non Cash Capital Grants and Contributions		(174)	(156)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations - "Held to Maturity" Financial Assets		-	(20)
Unwinding of Discount Rates on Reinstatement Provisions		14	14
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		1,715	(2,583)
Increase/(Decrease) in Provision for Doubtful Debts		-	-
Decrease/(Increase) in Inventories		28	(49)
Decrease/(Increase) in Other Assets		(1)	(19)
Increase/(Decrease) in Payables		(450)	50
Increase/(Decrease) in accrued Interest Payable		-	-
Increase/(Decrease) in other accrued Expenses Payable		(5)	43
Increase/(Decrease) in Other Liabilities		128	6
Increase/(Decrease) in Employee Leave Entitlements		(102)	167
Increase/(Decrease) in Other Provisions		-	-
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>11,656</b>	<b>4,660</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Bushfire Grants		174	156
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>174</b>	<b>156</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	8
<b>Total Financing Arrangements Utilised</b>		<b>8</b>	<b>8</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

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

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Plant & Equipment		-	6,182
<b>Total Commitments</b>		<b>-</b>	<b>6,182</b>
<b>These expenditures are payable as follows:</b>			
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>-</b>	<b>6,182</b>
<b>Sources for Funding of Capital Commitments:</b>			
Future Grants & Contributions		-	2,047
Loan Funding (not yet drawn)		-	4,135
<b>Total Sources of Funding</b>		<b>-</b>	<b>6,182</b>
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Cleaning Services		231	35
Audit Services		28	59
Ordinance Services		164	320
<b>Total Commitments</b>		<b>423</b>	<b>414</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		279	222
Later than one year and not later than 5 years		144	192
Later than 5 years		-	-
<b>Total Payable</b>		<b>423</b>	<b>414</b>

## Cowra Shire Council

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

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<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		149	166
Later than one year and not later than 5 years		149	-
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>298</b>	<b>166</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		190	185
Later than one year and not later than 5 years		365	538
Later than 5 years		-	-
<b>Total Payable</b>		<b>555</b>	<b>723</b>

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 2010      2009	
<b>Local Government Industry Indicators</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>8,928</u>	4.05 : 1	2.71	2.79
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>2,204</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>2,010</u>	7.75%	5.58%	4.28%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>25,947</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>9,564</u>	29.16%	36.57%	34.73%
Income from Continuing Operations	<u>32,800</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>1,246</u>	11.15%	14.00%	12.20%
Rates, Annual & Extra Charges Collectible	<u>11,173</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<u>2,671</u>	53.29%	65.62%	151.98%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>5,012</u>			

## Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

(4) Asset Renewals represent the replacement &amp;/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 2011

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
<b>Financial Assets</b>				
Cash and Cash Equivalents	15,104	10,764	15,104	10,764
Receivables	4,371	6,095	4,371	6,095
Other Financial Assets	132	132	132	132
<b>Total Financial Assets</b>	<b>20,607</b>	<b>16,991</b>	<b>19,607</b>	<b>16,991</b>
<b>Financial Liabilities</b>				
Payables	1,922	2,249	1,922	2,249
Loans / Advances	20,906	14,784	20,906	14,784
<b>Total Financial Liabilities</b>	<b>22,828</b>	<b>17,033</b>	<b>22,828</b>	<b>17,033</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 2011

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2011</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	155	155	(155)	(155)
<b>2010</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	98	98	(98)	(98)

## Cowra Shire Council

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

#### 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:

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	1,417	-	3,236
Past Due	1,259	1,708	1,391	1,481
	<u>1,259</u>	<u>3,125</u>	<u>1,391</u>	<u>4,717</u>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2011	2010
Balance at the beginning of the year			13	13
<b>Balance at the end of the year</b>			<u>13</u>	<u>13</u>

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the 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		
<b>2011</b>									
Trade/Other Payables	514	-	-	-	-	-	-	514	1,922
Loans & Advances	-	4,385	739	698	712	640	13,732	20,906	20,906
<b>Total Financial Liabilities</b>	<b>514</b>	<b>4,385</b>	<b>739</b>	<b>698</b>	<b>712</b>	<b>640</b>	<b>13,732</b>	<b>21,420</b>	<b>22,828</b>
<b>2010</b>									
Trade/Other Payables	386	1,863	-	-	-	-	-	2,249	2,249
Loans & Advances	-	652	726	741	700	711	11,254	14,784	14,784
<b>Total Financial Liabilities</b>	<b>386</b>	<b>2,515</b>	<b>726</b>	<b>741</b>	<b>700</b>	<b>711</b>	<b>11,254</b>	<b>17,033</b>	<b>17,033</b>

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

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

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,922	0.0%	2,249	0.0%
Loans & Advances - Fixed Interest Rate	17,257	7.0%	14,784	7.0%
Loans & Advances - Variable Interest Rate	3,649	6.8%	-	-
	<b>22,828</b>		<b>17,033</b>	

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 26 June 2010.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
<b>REVENUES</b>					
<b>Interest &amp; Investment Revenue</b>	<b>651</b>	<b>978</b>	<b>327</b>	50%	<b>F</b>
Interest & Investment Revenue exceeded the budgeted amount due to an increase in invested funds.					
<b>Capital Grants &amp; Contributions</b>	<b>1,957</b>	<b>6,115</b>	<b>4,158</b>	212%	<b>F</b>
Capital Grants & Contributions exceeded the budgeted amount due to a delay in the receipt of subsidy payments applicable to the Sewerage Treatment Plant Augmentation and Emergency Water Supply projects. Council also received Flood Damage funding that was not detailed in the original budget.					
<b>EXPENSES</b>					
<b>Borrowing Costs</b>	<b>1,671</b>	<b>1,393</b>	<b>278</b>	17%	<b>F</b>
Borrowing Costs were less than budgeted due to lower borrowings for the Sewer Treatment Plant.					
<b>Depreciation &amp; Amortisation</b>	<b>4,865</b>	<b>6,666</b>	<b>(1,801)</b>	(37%)	<b>U</b>
Depreciation & Amortisation expense exceeded the budgeted amount due to the revised depreciation expense applicable to assets revalued at 30/6/2010 not being available for inclusion in the original budget.					

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	55	-	-	3	-	-	58	-	-	58	-
Roads	107	121	-	6	-	-	234	-	-	234	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	77	-	-	5	-	-	82	-	-	82	-
Open Space	15	-	-	1	-	-	16	-	-	16	-
Community Facilities	15	42	-	1	-	-	58	-	-	58	-
Other	7	-	-	1	-	-	8	-	-	8	-
<b>S94 Contributions - under a Plan</b>	<b>276</b>	<b>163</b>	-	<b>17</b>	-	-	<b>456</b>	-	-	<b>456</b>	-
<b>S94A Levies - under a Plan</b>	<b>57</b>	<b>5</b>	-	<b>3</b>	-	-	<b>65</b>				-
<b>Total S94 Revenue Under Plans</b>	<b>333</b>	<b>168</b>	-	<b>20</b>	-	-	<b>521</b>				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				-
S64 Contributions	504	366	-	29	-	-	899				-
<b>Total Contributions</b>	<b>837</b>	<b>534</b>	-	<b>49</b>	-	-	<b>1,420</b>	-	-	<b>456</b>	-

# Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - 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	-	-	3	-	-	58	-	-	58	-
Roads	107	121	-	6	-	-	234	-	-	234	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	77	-	-	5	-	-	82	-	-	82	-
Open Space	15	-	-	1	-	-	16	-	-	16	-
Community Facilities	15	42	-	1	-	-	58	-	-	58	-
Other	7	-	-	1	-	-	8	-	-	8	-
<b>Total</b>	<b>276</b>	<b>163</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>456</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	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	57	5	-	3	-	-	65	-	-	-	-
<b>Total</b>	<b>57</b>	<b>5</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Cowra Shire Council

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

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions from 2009/10 & beyond.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (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 2011

#### Note 18. Contingencies & 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 Council's 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.

Council's Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 19. Controlled Entities, Associated Entities & 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 2011	Actual 2010
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		167,213	156,179
a. Correction of Prior Period Errors	20 (c)	-	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		3,833	2,370
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
<b>Balance at End of the Reporting Period</b>		<b>171,046</b>	<b>167,213</b>
<b>b. Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		401,208	399,151
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
<b>Total</b>		<b>401,208</b>	<b>399,151</b>
<b>(ii). Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		399,151	45,568
- Revaluations for the year	9(a)	2,057	353,583
<b>- Balance at End of Year</b>		<b>401,208</b>	<b>399,151</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>401,208</b>	<b>399,151</b>
<b>(iii). Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- 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 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Council has made no correction of errors in this reporting period.</b>			
<b>Correction of errors disclosed in last year's financial statements:</b>			
Council revalued various asset classes for the 09/10 Year End.			
This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/08 (the closing date for the comparative figures in last year's report).			
As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/09 to reflect the correct value of accumulated depreciation;			
- Road Asset Class	decrease to accumulated depreciation		3,824
- Bridge Asset Class	(increase) to accumulated depreciation		(68)
- Footpath Asset Class	decrease to accumulated depreciation		73
- Drainage Asset Class	decrease to accumulated depreciation		4,835
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/09		-	8,664
(relating to adjustments for the 30/6/09 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/10		-	-
(relating to adjustments for the 30/6/10 year end)			
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>-</b>	<b>8,664</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 2011

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

Income Statement by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	1,811	2,597	5,156
User Charges & Fees	1,903	-	8,688
Interest & Investment Revenue	39	40	899
Other Revenues	-	192	574
Grants & Contributions provided for Operating Purposes	838	176	3,772
Grants & Contributions provided for Capital Purposes	1,203	3,148	1,764
<b>Other Income</b>			
Net Gains from Disposal of Assets	19	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>5,813</b>	<b>6,153</b>	<b>20,853</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	699	356	9,104
Borrowing Costs	215	767	411
Materials & Contracts	2,841	1,155	4,581
Depreciation & Amortisation	1,456	602	4,608
Impairment	-	-	-
Other Expenses	211	-	1,957
Net Losses from the Disposal of Assets	-	-	23
<b>Total Expenses from Continuing Operations</b>	<b>5,422</b>	<b>2,880</b>	<b>20,684</b>
<b>Operating Result from Continuing Operations</b>	<b>391</b>	<b>3,273</b>	<b>169</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>391</b>	<b>3,273</b>	<b>169</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>391</b>	<b>3,273</b>	<b>169</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>(812)</b>	<b>125</b>	<b>(1,595)</b>

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

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

## Cowra Shire Council

## Notes to the Financial Statements

as at 30 June 2011

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

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	1,902	6,690	6,512
Investments	-	-	1,000
Receivables	1,337	1,776	1,209
Inventories	4	-	1,222
Other	-	-	133
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>3,243</b>	<b>8,466</b>	<b>10,076</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	49
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	43,620	35,041	497,883
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>43,620</b>	<b>35,041</b>	<b>497,932</b>
<b>TOTAL ASSETS</b>	<b>46,863</b>	<b>43,507</b>	<b>508,008</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	406	139	1,363
Borrowings	92	3,843	434
Provisions	32	19	2,823
<b>Total Current Liabilities</b>	<b>530</b>	<b>4,001</b>	<b>4,620</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	14
Borrowings	3,250	7,540	5,747
Provisions	79	33	310
<b>Total Non-Current Liabilities</b>	<b>3,329</b>	<b>7,573</b>	<b>6,071</b>
<b>TOTAL LIABILITIES</b>	<b>3,859</b>	<b>11,574</b>	<b>10,691</b>
<b>Net Assets</b>	<b>43,004</b>	<b>31,933</b>	<b>497,317</b>
<b>EQUITY</b>			
Retained Earnings	17,807	16,910	136,329
Revaluation Reserves	25,197	15,023	360,988
<b>Total Equity</b>	<b>43,004</b>	<b>31,933</b>	<b>497,317</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 & payables between the Funds.

## Cowra Shire Council

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

#### 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 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

**Accordingly, the "authorised for issue" date is 29/10/11.**

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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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 2011

#### 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	
		2011	2010
Quarries	2044	259	245
<b>Balance at End of the Reporting Period</b>	10	<b>259</b>	<b>245</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	245	231
Amortisation of discount (expensed to borrowing costs)	14	14
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>259</b>	<b>245</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 2011

#### Note 27. Council Information & Contact Details

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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 STATEMENTS OF  
COWRA SHIRE COUNCIL**

**Report on the Financial Statements**

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

**Councils' Responsibility for the Financial Statements**

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

**Auditors Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

**Independence**

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



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

This auditor's report relates to the financial statements of Cowra Shire Council for the year ended 30 June 2011 included on Council's web site. Council is responsible for the integrity of their web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

### Audit Opinion

In our opinion:

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

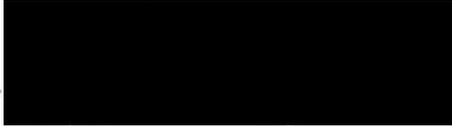
### Application of the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 and Regulation 207 of the Local Government (General) Regulation 2005

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

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

  
MORSE GROUP

237 Lords Place  
Orange  
Dated: 29 October 2011

  
J.D. O'MALLEY  
PARTNER

29 October 2011

The Mayor  
Councillor Bill West  
Cowra Shire Council  
Private Bag 342  
COWRA NSW 2794

Dear Mr Mayor

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

We have audited the financial statements of Cowra Shire Council (Council) for the financial year ended 30 June 2011. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council, though we note in our report that Council's community land, land improvements, other structures and other assets have not been revalued to fair value as required by the Division of Local Government.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Cowra Shire Council for the year ended 30 June 2011. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the framework for 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 Statements**

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

**Auditor's Responsibility**

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

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

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



Chartered Accountants



COVER OF EXCELLENCE

## *Review of Financial Results*

### **(a) Operating Result**

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$3,833,000 (2010 - \$2,370,000). Selected items of note in the operating statement include:

- The operating result from ordinary activities *before* capital amounts was a deficit of \$2,282,000 (2010 deficit - \$693,000).
- Income from user charges & fees decreased to \$10,591,000 (2010 - \$11,141,000) the fall is due to reduced private works income.
- Interest and investment income grew by 62% to \$978,000 (2010 - \$604,000) the increase coming through higher levels of funds invested combined with improved investment returns.
- Other income also grew, with the increases coming via rental income, recovery of legal collection costs, diesel fuel rebate and recycling income.
- Capital grants increased by \$3,052,000 to \$6,115,000 (2010 - \$3,063,000) following grants of \$2,944,000 for a sewer treatment plant project and \$1,041,000 for emergency water supply.
- Employee costs were consistent with 2010 but due to the capital projects; and hence capitalised labour, the expense decreased \$359,000 to \$10,159,000 (2010 \$10,518,000)
- Borrowing Costs have increased to \$1,393,000 (2010 \$726,000) following the draw down in 2010 of new borrowings of \$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. The impact of the repayment of these loans is evident in 2011.
- Depreciation and Amortisation has increased significantly, as was expected following the revaluation of roads, bridges and footpaths infrastructure last year. The expense was \$6,666,000 this year compared with \$4,920,000 in 2010.

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

### **(b) Financial Position**

The Balance Sheet discloses that for the year ended 30 June 2011 Council's net assets stood at \$572,254,000 (2010 - \$566,364,000), which represents an increase of \$5,890,000. The increase represents the net operating surplus after capital amounts of \$3,833,000 and the net revaluation increment resulting from the indexation of water and sewerage infrastructure assets of \$2,057,000

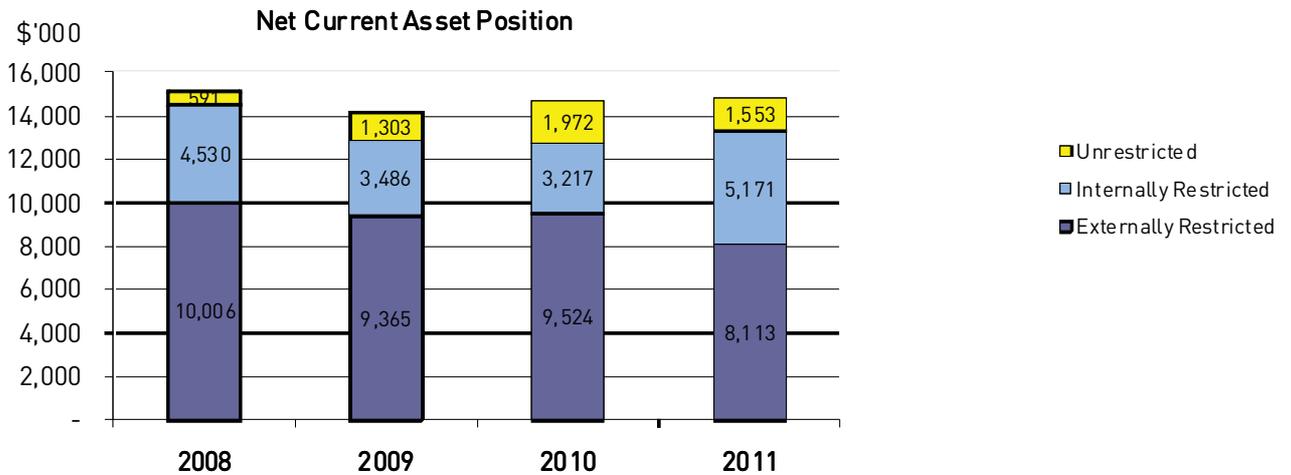
To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions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

## Unrestricted Net Current Assets

	2011 \$'000	2010 \$'000
Net current assets	12,634	12,382
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(12,857)	(9,989)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(5,171)	(3,217)
Add: Applicable current liabilities refer Note 10		
- Domestic Waste Management	212	133
- Water Supply	530	147
- Sewerage Services	4,002	185
Add: Employee Leave Entitlements to be paid > 12 months	2,203	2,331
Unrestricted net current asset surplus/(deficit)	1,553	1,972
Unrestricted net current assets comprise: -		
<b>Assets</b>		
Cash	1,193	185
Receivables	1,209	3,436
Real estate development land	195	195
Inventories	1,027	1,055
Other	133	132
	3,757	5,003
Less:		
Liabilities	(4,407)	(5,362)
Plus:		
Employee Leave Entitlements To be paid > 12 months	2,203	2,331
Unrestricted net current asset surplus/ (deficit)	1,553	1,972

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

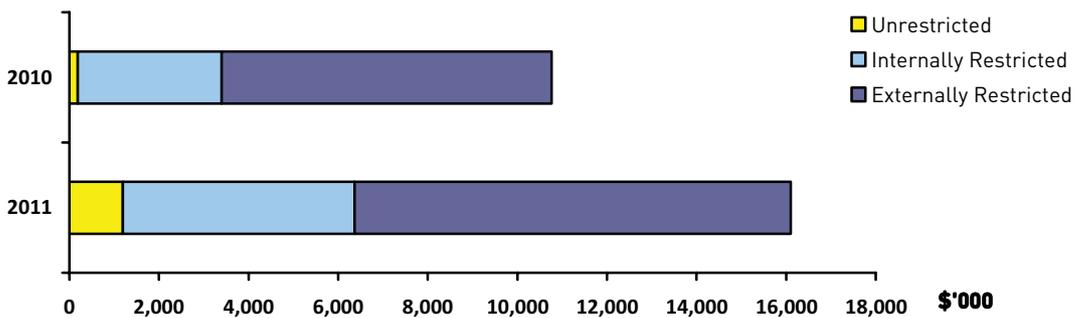
The following table shows the Council’s calculated net current asset position over the past four years:



### Cash & Investments

Note 6 to the accounts discloses total cash and investments of \$16,104,000 (2010 - \$10,764,000), of this amount \$9,740,000 (2010 - \$7,362,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$5,171,000 (2010 - \$3,217,000) 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 \$1,193,000 (2010 - \$185,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements and reflects Council’s sound financial position. The substantial improvement in liquidity is partly as a result of a reduction in receivables. Last year a considerable debt was owed by the RTA at 30 June, the absence of such significant receivables this year is the major reason for the improvement.



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

## (c) Performance Indicators

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

### *Unrestricted Current Ratio*

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates Council's ability to satisfy obligations out of short-term and immediate asset balances.

Council's ratio of 4.05:1 indicates council is able to comfortably meet its debts as and when they fall due.

### *Debt Service Ratio*

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

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally accepted that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered tolerable. At 7.75% (2010 – 5.58%) 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 29.16% (2010 – 36.57%) is down on the prior period due to the impact of capital grants received during 2011.

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. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Cowra Shire Council's rates and annual charges, interest and extra charges outstanding percentage of 11.15% (2010 – 14.00%) has improved markedly compared with the prior period and reflects a concerted effort to improve collections which included the sale of land for unpaid rates. The ratio is now trending down towards industry averages, indicating effective debtor management. Each percentage point improvement in this ratio equates to \$112,000.

### *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 53.29% and has ranged from 66% to 152% over the previous two years emphasises this point.

**(d) Cash Flow Statement**

The Statement of Cash Flows reports a net increase in cash assets held of \$5,562,000 (2010 decrease - \$1,849,000) as follows:

	2011 \$'000	2010 \$'000	Movement \$'000
<b>Cash flow provided by / (used in)</b>			
Operating activities	11,656	4,660	6,996
Investing activities	(13,438)	(10,686)	(2,752)
Financing activities	6,122	4,177	1,945
	<hr/>		
Net increase / (decrease) in cash held	4,340	(1,849)	6,189

***Cash flows from operating activities***

The cashflows provided by operating activities has increased against the prior financial year, the main reason being the increase in grants and contributions. All material movements have been explained in the commentary on 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 \$6,122,000 (2010 - \$4,177,000), and comprises new borrowings drawn of \$6,753,000 for the sewer treatment plant, less principal repayments, against all loans, of \$631,000.

**(e) Comparison of Actual and Budgeted Performance**

Council's operating result from ordinary activities after capital amounts of \$3,833,000 was well above Council's original estimate of a deficit of (\$1,236,000).

The nature of this report does not lend itself to detailed analysis of individual budget variations, though it appears that the main variance was in relation to the budgeted amount for Capital Grants and Contributions being well below the actual result. 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 statements on its business units for the year ended 30 June 2011. 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 statements for the year ended 30 June 2011 has been issued unqualified.

**Management Letters**

Our most recent management letter was issued on 14 July 2011. Our experience in subsequent visits has generally been that matters raised via management letters have been satisfactorily addressed.

**(g) Legislative compliance**

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial statements that have come to our attention during the conduct of the audit, with the exception of the matters noted in relation to the failure to revalue to fair value Council's community land, other structures and other assets. Except for that matter, which is referred to in the auditor's report on the general purpose financial statements, 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 Statements**

This auditor's report relates to the financial statements of Cowra Shire Council for the year ended 30 June 2011 included on Council's web site. Council is responsible for the integrity of their web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Conclusion

- (a) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements and allowed proper and effective audit of these statements;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of these statements; and
- (c) All information relevant to the conduct of the audit has been obtained.



MORSE GROUP

237 Lords Place  
Orange  
Dated: 29 October 2011



J D O' MALLEY  
PARTNER

A handwritten signature in black ink, appearing to be 'J D O' MALLEY'.

# Cowra Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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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 2011

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<b>2. Special Purpose Financial Statements:</b>	
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- Income Statement of Sewerage Business Activity	4
- Income Statement of Other Business Activities	-
- Balance Sheet of Water Supply Business Activity	5
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- Balance Sheet of Other Business Activities	-
<b>3. Notes to the Special Purpose Financial Statements</b>	7
<b>4. Auditor's Report</b>	16

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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 2011

### Statement by Councillors and Management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 22 August 2011.**



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Cr W.J. West  
MAYOR



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Cr I.M. Brown  
COUNCILLOR



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Mr P. Devery  
GENERAL MANAGER



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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 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
<b>Income from continuing operations</b>			
Access charges	1,811	1,637	1,529
User charges	1,903	2,164	1,961
Fees	-	-	-
Interest	39	33	34
Grants and contributions provided for non capital purposes	838	786	833
Profit from the sale of assets	19	-	81
Other income	-	56	-
<b>Total income from continuing operations</b>	<b>4,610</b>	<b>4,676</b>	<b>4,438</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	699	2,131	1,782
Borrowing costs	215	229	244
Materials and contracts	2,841	1,280	1,870
Depreciation and impairment	1,456	1,393	1,333
Water purchase charges	211	203	203
Loss on sale of assets	-	-	-
Calculated taxation equivalents	14	16	19
Debt guarantee fee (if applicable)	3	3	4
Other expenses	-	-	-
<b>Total expenses from continuing operations</b>	<b>5,439</b>	<b>5,255</b>	<b>5,455</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(829)</b>	<b>(579)</b>	<b>(1,017)</b>
Grants and contributions provided for capital purposes	1,203	976	53
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>374</b>	<b>397</b>	<b>(964)</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>374</b>	<b>397</b>	<b>(964)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>374</b>	<b>397</b>	<b>(964)</b>
plus Opening Retained Profits	17,416	17,000	17,941
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	14	16	19
- Debt guarantee fees	3	3	4
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>17,807</b>	<b>17,416</b>	<b>17,000</b>
<b>Return on Capital %</b>	<b>-1.4%</b>	<b>-0.8%</b>	<b>-1.9%</b>
<b>Subsidy from Council</b>	<b>2,887</b>	<b>2,487</b>	<b>3,073</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	374	397	(964)
less: Capital grants and contributions (excluding developer contributions)	(1,186)	(895)	(40)
<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 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
<b>Income from continuing operations</b>			
Access charges	2,597	2,514	2,352
User charges	-	-	-
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	40	35	31
Grants and contributions provided for non capital purposes	176	42	41
Profit from the sale of assets	-	-	12
Other income	192	142	132
<b>Total income from continuing operations</b>	<b>3,005</b>	<b>2,733</b>	<b>2,568</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	356	848	731
Borrowing costs	767	85	49
Materials and contracts	1,155	510	666
Depreciation and impairment	602	332	254
Loss on sale of assets	-	-	-
Calculated taxation equivalents	24	24	24
Debt guarantee fee (if applicable)	12	1	1
Other expenses	-	-	-
<b>Total expenses from continuing operations</b>	<b>2,916</b>	<b>1,800</b>	<b>1,725</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>89</b>	<b>933</b>	<b>843</b>
Grants and contributions provided for capital purposes	3,148	1,056	23
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>3,237</b>	<b>1,989</b>	<b>866</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>3,237</b>	<b>1,989</b>	<b>866</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(27)	(280)	(253)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>3,210</b>	<b>1,709</b>	<b>613</b>
plus Opening Retained Profits	13,637	11,623	10,732
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	24	24	24
- Debt guarantee fees	12	1	1
- Corporate taxation equivalent	27	280	253
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>16,910</b>	<b>13,637</b>	<b>11,623</b>
<b>Return on Capital %</b>	<b>2.4%</b>	<b>3.8%</b>	<b>4.0%</b>
<b>Subsidy from Council</b>	<b>970</b>	<b>345</b>	<b>333</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	3,210	1,709	613
less: Capital grants and contributions (excluding developer contributions)	(3,132)	(962)	-
<b>Surplus for dividend calculation purposes</b>	<b>78</b>	<b>747</b>	<b>613</b>
<b>Potential Dividend calculated from surplus</b>	<b>39</b>	<b>374</b>	<b>307</b>

## Cowra Shire Council

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

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,902	1,620
Investments	-	-
Receivables	1,337	1,376
Inventories	4	4
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>3,243</b>	<b>3,000</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	43,620	41,910
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>43,620</b>	<b>41,910</b>
<b>TOTAL ASSETS</b>	<b>46,863</b>	<b>44,910</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	406	36
Interest bearing liabilities	92	57
Provisions	32	42
<b>Total Current Liabilities</b>	<b>530</b>	<b>135</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	3,250	3,311
Provisions	79	128
<b>Total Non-Current Liabilities</b>	<b>3,329</b>	<b>3,439</b>
<b>TOTAL LIABILITIES</b>	<b>3,859</b>	<b>3,574</b>
<b>NET ASSETS</b>	<b>43,004</b>	<b>41,336</b>
<b>EQUITY</b>		
Retained earnings	17,807	17,416
Revaluation reserves	25,197	23,920
Council equity interest	43,004	41,336
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>43,004</b>	<b>41,336</b>

## Cowra Shire Council

## Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	6,690	4,738
Investments	-	-
Receivables	1,776	1,247
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>8,466</b>	<b>5,985</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	35,041	26,718
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>35,041</b>	<b>26,718</b>
<b>TOTAL ASSETS</b>	<b>43,507</b>	<b>32,703</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	139	24
Interest bearing liabilities	3,843	139
Provisions	19	22
<b>Total Current Liabilities</b>	<b>4,001</b>	<b>185</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	7,540	4,613
Provisions	33	20
<b>Total Non-Current Liabilities</b>	<b>7,573</b>	<b>4,633</b>
<b>TOTAL LIABILITIES</b>	<b>11,574</b>	<b>4,818</b>
<b>NET ASSETS</b>	<b>31,933</b>	<b>27,885</b>
<b>EQUITY</b>		
Retained earnings	16,910	13,637
Revaluation reserves	15,023	14,248
Council equity interest	31,933	27,885
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>31,933</b>	<b>27,885</b>

## Cowra Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2011

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

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

## Cowra Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### 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 2011

#### 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 **\$387,000** of combined land values attracts **0%**. From \$387,001 to \$2,366,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

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 2011

#### 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.

#### (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 5.21% at 30/6/11.

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

#### (iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2011 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.

## Cowra Shire Council

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

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

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

2011

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

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

(i)	Calculated Tax Equivalents	17,000
(ii)	No of assessments multiplied by \$3/assessment	16,635
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	16,635
(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	149,715
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	(2,314,000)

2011 Surplus	(812,000)	2010 Surplus	(498,000)	2009 Surplus	(1,004,000)
		2010 Dividend	-	2009 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 2011Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2011
<b>National Water Initiative (NWI) Financial Performance Indicators</b>		
<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000 <span style="border: 1px solid black; padding: 2px;">4,714</span>
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	% <span style="border: 1px solid black; padding: 2px;">43.83%</span>
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000 <span style="border: 1px solid black; padding: 2px;">41,777</span>
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000 <span style="border: 1px solid black; padding: 2px;">3,583</span>
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000 <span style="border: 1px solid black; padding: 2px;">1,828</span>
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	% <span style="border: 1px solid black; padding: 2px;">-0.75%</span>
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000 <span style="border: 1px solid black; padding: 2px;">1,041</span>

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

## Cowra Shire Council

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

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

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

2011

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

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

(i) Calculated Tax Equivalents	36,000
(ii) No of assessments multiplied by \$3/assessment	11,187
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	11,187
(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]	39,150
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	100,683
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	1,438,500

2011 Surplus	78,300	2010 Surplus	747,100	2009 Surplus	613,100
		2010 Dividend	-	2009 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	39,150
(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 2011Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2011
<b>National Water Initiative (NWI) Financial Performance Indicators</b>		
<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000 <span style="border: 1px solid black; padding: 2px;">3,196</span>
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000 <span style="border: 1px solid black; padding: 2px;">32,587</span>
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000 <span style="border: 1px solid black; padding: 2px;">1,511</span>
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000 <span style="border: 1px solid black; padding: 2px;">8,149</span>
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	% <span style="border: 1px solid black; padding: 2px;">3.09%</span>
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000 <span style="border: 1px solid black; padding: 2px;">2,944</span>
<b>National Water Initiative (NWI) Financial Performance Indicators Water &amp; Sewer (combined)</b>		
<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000 <span style="border: 1px solid black; padding: 2px;">7,929</span>
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	% <span style="border: 1px solid black; padding: 2px;">1.34%</span>
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000 <span style="border: 1px solid black; padding: 2px;">9,977</span>
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	% <span style="border: 1px solid black; padding: 2px;">0.96%</span>
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000 <span style="border: 1px solid black; padding: 2px;">-</span>
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	% <span style="border: 1px solid black; padding: 2px;">0.00%</span>

## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2011Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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

2011

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	8.18%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		1
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(321)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	106

- 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 TO THE COUNCIL  
ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF  
COWRA SHIRE COUNCIL**

**Report on the Financial Statements**

We have audited the special purpose financial statements of Cowra Shire Council for the year ended 30 June 2011, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

**Councils' Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Independence**

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



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

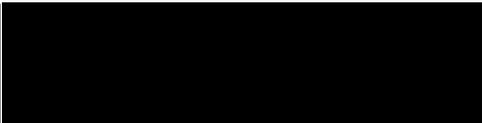
This auditor's report relates to the financial statements of Cowra Shire Council for the year ended 30 June 2011 included on Council's web site. Council is responsible for the integrity of their web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

### Audit Opinion

In our opinion, the special purpose financial statements of Cowra Shire Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

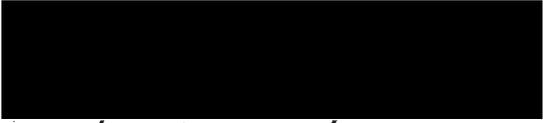
### Basis of Accounting

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



MORSE GROUP

237 Lords Place  
Orange  
Dated: 29 October 2011



JD O'MALLEY  
PARTNER

# Cowra Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2011

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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 2011

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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 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>550</b>	-	-	<b>(550)</b>
<b>Administration</b>	<b>3,148</b>	<b>286</b>	-	<b>(2,862)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	430	78	174	(178)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	68	-	68
Animal Control	172	14	-	(158)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>602</b>	<b>160</b>	<b>174</b>	<b>(268)</b>
<b>Health</b>	-	-	-	-
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	259	54	-	(205)
Other Environmental Protection	15	94	-	79
Solid Waste Management	3,014	2,516	-	(498)
Street Cleaning	-	-	-	-
Drainage	34	-	-	(34)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>3,322</b>	<b>2,664</b>	-	<b>(658)</b>
<b>Community Services and Education</b>				
Administration & Education	64	72	-	8
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Childrens Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	<b>64</b>	<b>72</b>	-	<b>8</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	197	243	-	46
Public Conveniences	81	-	-	(81)
Street Lighting	185	63	-	(122)
Town Planning	917	202	107	(608)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>1,380</b>	<b>508</b>	<b>107</b>	<b>(765)</b>
<b>Water Supplies</b>	<b>5,422</b>	<b>3,841</b>	<b>1,203</b>	<b>(378)</b>
<b>Sewerage Services</b>	<b>2,880</b>	<b>2,696</b>	<b>3,323</b>	<b>3,139</b>

## Cowra Shire Council

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

for the financial year ended 30 June 2011

\$'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	824	52	-	(772)
Museums	201	88	-	(113)
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	101	4	177	80
Sporting Grounds and Venues	170	-	14	(156)
Swimming Pools	319	125	-	(194)
Parks & Gardens (Lakes)	1,163	18	9	(1,136)
Other Sport and Recreation	15	21	-	6
<b>Total Recreation and Culture</b>	<b>2,793</b>	<b>308</b>	<b>200</b>	<b>(2,285)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	10	1	-	(9)
Other Mining, Manufacturing & Construction	68	-	-	(68)
<b>Total Mining, Manufacturing and Const.</b>	<b>78</b>	<b>1</b>	-	<b>(77)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	3,178	-	121	(3,057)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	367	-	604	237
Sealed Rural Roads - Regional	3,736	4,783	362	1,409
Unsealed Rural Roads (URR) - Local	472	-	-	(472)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	4	-	-	(4)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	134	18	-	(116)
Other Transport & Communication	1	52	21	72
<b>Total Transport and Communication</b>	<b>7,892</b>	<b>4,853</b>	<b>1,108</b>	<b>(1,931)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	16	82	-	66
Other Economic Affairs	820	914	-	94
<b>Total Economic Affairs</b>	<b>836</b>	<b>996</b>	-	<b>160</b>
<b>Totals – Functions</b>	<b>28,967</b>	<b>16,385</b>	<b>6,115</b>	<b>(6,467)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>10,300</b>		<b>10,300</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>28,967</b>	<b>26,685</b>	<b>6,115</b>	<b>3,833</b>

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

Cowra Shire Council

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

for the financial year ended 30 June 2011

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	652	14,131	<b>14,783</b>	6,753	631	-	-	1,379	4,369	16,536	<b>20,905</b>
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>652</b>	<b>14,131</b>	<b>14,783</b>	<b>6,753</b>	<b>631</b>	<b>-</b>	<b>-</b>	<b>1,379</b>	<b>4,369</b>	<b>16,536</b>	<b>20,905</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>-</b>	<b>-</b>
<b>Total Debt</b>	<b>652</b>	<b>14,131</b>	<b>14,783</b>	<b>6,753</b>	<b>631</b>	<b>-</b>	<b>-</b>	<b>1,379</b>	<b>4,369</b>	<b>16,536</b>	<b>20,905</b>

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

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

## Cowra Shire Council

### Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2011

\$'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	580	18	317
Gas			
Other			
<b>Totals</b>	<b>580</b>	<b>18</b>	<b>317</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	14	266
Waste Fund	General Fund	30/06/00	30/06/00	20	30/06/20	8.00%	80	4	51
<b>Totals</b>							<b>580</b>	<b>18</b>	<b>317</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 2011

\$'000	Actuals 2011	Actuals 2010
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	283	242
b. Engineering and Supervision	62	28
<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	628	596
<b>- Reservoirs</b>		
e. Operation expenses	82	43
f. Maintenance expenses	46	105
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	43	46
h. Energy costs	209	229
i. Maintenance expenses	-	-
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	376	321
k. Chemical costs	261	170
l. Maintenance expenses	76	78
<b>- Other</b>		
m. Operation expenses	1,306	1,353
n. Maintenance expenses	-	-
o. Purchase of water	211	203
<b>3. Depreciation expenses</b>		
a. System assets	1,456	1,393
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	215	229
b. Revaluation Decrements	-	-
c. Other expenses	168	200
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>5,422</b>	<b>5,236</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 2011

\$'000	Actuals 2011	Actuals 2010
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	1,330	1,239
b. Usage charges	1,038	1,218
<b>7. Non-residential charges</b>		
a. Access (including rates)	482	398
b. Usage charges	798	946
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	39	33
<b>10. Other income</b>	815	780
<b>11. Grants</b>		
a. Grants for acquisition of assets	1,041	895
b. Grants for pensioner rebates	64	62
c. Other grants	25	-
<b>12. Contributions</b>		
a. Developer charges	1	66
b. Developer provided assets	-	-
c. Other contributions	161	16
<b>13. Total income</b>	<u>5,794</u>	<u>5,653</u>
<b>14. Gain or loss on disposal of assets</b>	19	(2)
<b>15. Operating Result</b>	<u>391</u>	<u>415</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(650)	(480)

## 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 2011

\$'000	Actuals 2011	Actuals 2010
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	1,828	2,050
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	57	212
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>1,885</b>	<b>2,262</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>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	5,034	5,023
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	511	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>	\$ 116,000	\$ 113,000

## Cowra Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2011

\$'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 2010/11 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>
* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.			
However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.			

## Cowra Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	453	-	453
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	465	-	465
e. Sinking fund	-	-	-
f. Other	984	-	984
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and charges	155	-	155
c. Other	1,182	-	1,182
<b>32. Inventories</b>	4	-	4
<b>33. Property, plant and equipment</b>			
a. System assets	-	41,777	41,777
b. Plant and equipment	-	1,843	1,843
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>3,243</b>	<b>43,620</b>	<b>46,863</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	406	-	406
<b>38. Borrowings</b>			
a. Loans	92	3,250	3,342
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	32	79	111
<b>40. Total liabilities</b>	<b>530</b>	<b>3,329</b>	<b>3,859</b>
<b>41. NET ASSETS COMMITTED</b>	<b>2,713</b>	<b>40,291</b>	<b>43,004</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			17,803
<b>43. Asset revaluation reserve</b>			25,201
<b>44. TOTAL EQUITY</b>			<b>43,004</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			102,077
<b>46. Accumulated current cost</b> depreciation of system assets			(60,300)
<b>47. Written down current cost</b> of system assets			41,777

## 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 2011

\$'000	Actuals 2011	Actuals 2010
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	235	207
b. Engineering and Supervision	120	76
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	285	151
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	26	2
d. Energy costs	20	17
e. Maintenance expenses	35	58
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	96	113
g. Chemical costs	-	-
h. Energy costs	18	26
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	49	59
<b>- Other</b>		
l. Operation expenses	627	573
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	594	323
b. Plant and equipment	8	9
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	767	85
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>2,880</b>	<b>1,699</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 2011

\$'000	Actuals 2011	Actuals 2010
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	2,093	1,951
<b>7. Non-residential charges</b>		
a. Access (including rates)	504	487
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	1
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	27	28
<b>10. Interest income</b>	13	7
<b>11. Other income</b>	162	141
<b>12. Grants</b>		
a. Grants for acquisition of assets	2,944	962
b. Grants for pensioner rebates	42	42
c. Other grants	164	-
<b>13. Contributions</b>		
a. Developer charges	204	94
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<u>6,153</u>	<u>3,713</u>
<b>15. Gain or loss on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>3,273</u>	<u>2,014</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	329	1,052

## 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 2011

\$'000	Actuals 2011	Actuals 2010
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	8,149	4,349
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	123	101
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>8,272</b>	<b>4,450</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	6,753	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>6,753</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	3,272	3,280
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	457	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>	\$ 77,000	\$ 76,000

## Cowra Shire Council

## Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> 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"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2010/11 (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"/> -

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

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

## Cowra Shire Council

## Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	445	-	445
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	6,245	-	6,245
<b>32. Receivables</b>			
a. Specific purpose grants	1,384	-	1,384
b. Rates and charges	392	-	392
c. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	32,587	32,587
b. Plant and equipment	-	2,454	2,454
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>8,466</b>	<b>35,041</b>	<b>43,507</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	140	-	140
<b>39. Borrowings</b>			
a. Loans	3,843	7,539	11,382
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	19	33	52
<b>41. Total Liabilities</b>	<b>4,002</b>	<b>7,572</b>	<b>11,574</b>
<b>42. NET ASSETS COMMITTED</b>	<b>4,464</b>	<b>27,469</b>	<b>31,933</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			16,910
<b>44. Asset revaluation reserve</b>			15,023
<b>45. TOTAL EQUITY</b>			<b>31,933</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			48,893
<b>47. Accumulated current cost</b> depreciation of system assets			(16,306)
<b>48. Written down current cost</b> of system assets			32,587

## Cowra Shire Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2011

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#### 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) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

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

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







## Cowra Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2011

\$'000	Actual <sup>(1)</sup> 10/11	Forecast 11/12	Forecast 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	32,800	32,943	34,067	35,252	36,482
Expenses from continuing operations	28,967	33,969	34,133	34,973	36,085
<b>Operating Result from Continuing Operations</b>	<b><u>3,833</u></b>	<b><u>(1,026)</u></b>	<b><u>(66)</u></b>	<b><u>279</u></b>	<b><u>397</u></b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	2,173	3,974	1,214	716	719
Replacement/Refurbishment of Existing Assets	10,638	2,416	852	866	880
<b>Total Capital Budget</b>	<b><u>12,811</u></b>	<b><u>6,390</u></b>	<b><u>2,066</u></b>	<b><u>1,582</u></b>	<b><u>1,599</u></b>
<b>Funded by:</b>					
– Loans	9,746	331	-	-	-
– Asset sales	-	-	-	-	-
– Reserves	1,072	3,058	1,011	515	519
– Grants/Contributions	963	2,540	648	648	648
– Recurrent revenue	1,030	461	407	419	432
– Other	-	-	-	-	-
	<b><u>12,811</u></b>	<b><u>6,390</u></b>	<b><u>2,066</u></b>	<b><u>1,582</u></b>	<b><u>1,599</u></b>

**Notes:**

(1) From 10/11 Income Statement.

(2) New Capital Works are major non-recurrent projects.